



**A STUDY OF COOPERATIVE MARKETING IN
KASHMIR WITH REFERENCE TO
MARKETING OF APPLES**

ABSTRACT

THESIS SUBMITTED FOR THE DEGREE OF

Doctor of Philosophy

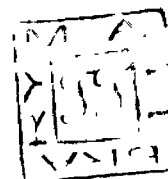
IN

COMMERCE

BY

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ALIGARH (INDIA)

1991

A B S T R A C T

A STUDY OF COOPERATIVE MARKETING IN KASHMIR WITH REFERENCE TO MARKETING OF APPLES

The present study entitled "A Study of Cooperative Marketing in Kashmir With Reference to Marketing of Apple" is a modest attempt to analyse the cooperative Marketing system of Kashmir in general and apple marketing in particular. Cooperative system has been introduced in almost all major economic activities of the state but at the same time it is depressing to note that the concept of cooperative marketing has not been used in apple marketing in its true spirit. Fruit industry which was the oldest avocation of the people in the past has now become the backbone^{of} the State's economy. Till the dawn of independence, the industry was in doldrums and could not play a significant role in the reconstruction of the State's economy. The reasons that kept the industry away from playing its meaningful role are obvious by the fact that people involved in this venture constituted a group of 'have nots' who lacked all modern inputs for boosting up this industry on scientific lines.

With the achievement of political emancipation an era of planned development was initiated to give

phillip to the economy of the State and Fruit Industry was no exception. Kashmir apple lived upto its distinguished reputation of being one of the choicest fruit. Though apple is also produced in Himachal Pradesh and Uttar Pradesh, yet Kashmir continues to be the hub of apple industry of the country. The state has not only an edge over Himachal and Uttar Pradesh in the field of production but also in marketing as Jammu and Kashmir is the largest apple producing and exporting state of the country. It is estimated that there are more than one lakh orchards in the State at present involving about ten lakh people in various horticultural processes. The industry has earned a revenue of 200 crores in the year 1987-88 besides providing job to more than 32 per cent of the working population in State directly and indirectly. This employment and income generating potential has indeed made the apple industry the bulwork of rural economy in the state and there are bright chances to utilise this sector for the overall economic development of the state. But its success largely depends on market structure. An efficient and speedy marketing system is crucial factor for both the modernisation of profits and satisfaction of the consumer.

Temptation of higher returns on one hand and growing competition and the risk involved on the other hand continue to attract the attention of researchers towards this important problem.

It is with this objective that present study demonstrates that cooperative marketing shall be the right weapon for the efficient utilisation of horticulture resources of Jammu and Kashmir in general and apple produce in particular. The present cooperative marketing structure in the state as in vogue depicts a satisfactory state of affairs, though lagging behind in certain vital areas of the state's economy. Hence the scholar feels that positive attempts should be made to streamline the cooperative marketing structure in its totality. It should also cover those important aspects which otherwise remained neglected over the past years. Since apple industry occupies dominant role in reshaping the state economy and efforts therefore, should be made to give more coverage to this sector on priority basis with a view to boosting up the state exchequer. As a matter of fact apple constitutes the hub of the fruit industry, hence

attempt has been made under this study to elucidate and analyse the economics of apple produce with a view to finding out as to which marketing channel should reasonably be adopted by the growers in order to accelerate their earnings.

In the apple industry a host of intermediaries are involved in the distribution system, all adding their margins and profits, making the product more expensive. In this context a detailed study of the present distribution system of apple has been made and analysed. Simultaneously, effort has been made to work out the price spread in various channels resulted in the identification of economical as well as uneconomical channels involved in the distribution of apple.

The market mechanism of apple produce is characterised by the control of a few monopolistic merchants at Delhi who usually work through commission agents at Srinagar. They manage the whole show through a remote control system which assures very little to the real growers for their produce. The factors through which Delhi and Srinagar traders exercise their control

over the growers are organisation, finance, transport, storage, marketing links and vested control of Delhi market. However, there are several other problems which have marred the fruit industry of the State. These problems as discussed in the present study have reduced not only fruit returns to the growers but also limited the scope of fruit cultivation.

The study ends up with a number of suggestions which the scholar expects would go a long way in promoting the cooperative marketing in apple produce in and outside the country.



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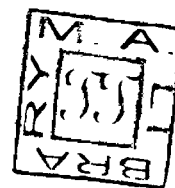
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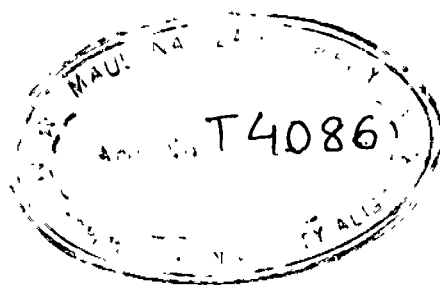
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This is to certify that Mr. KHURSHEED AHMAD MAHAJAN has completed his Ph.D. Thesis entitled "A STUDY OF COOPERATIVE MARKETING IN KASHMIR WITH REFERENCE TO MARKETING OF APPLES" under my supervision.

It is an original contribution to the existing knowledge on the subject matter and to the best of my knowledge it has not been submitted for award of any degree in this University or any where else.

I am satisfied with the efforts made by him in this connection.

A handwritten signature in black ink, appearing to read "Mahfoozur Rahman".

Aligarh

26.12.1991

(PROF. MAHFOOZUR RAHMAN)
Supervisor

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A C K N O W L E D G E M E N T S

I express my deep sense of gratitude and regards to Dr. Mahfoozur Rahman, Professor, Department of Commerce, Aligarh Muslim University, Aligarh under whose able supervision and guidance the present work has been completed. His rich and varied experience in the field of cooperation, academic alertness, sense of perfection and above all his heart-touching encouragement throughout the period made it possible to complete the work. Inspite of his pre-occupations as National Research Fellow he made it possible to provide me uninterrupted guidance whenever I approached him for the same. However, the responsibility for any errors made and the opinion expressed in the thesis is entirely mine.

I am extremely obliged to Prof. Samiuddin, Chairman, Department of Commerce, A.M.U., Aligarh for the help and valuable suggestions relating to this work.

I have been always inspired by my respected teachers Prof. M.H. Farooquee, Prof. Habibur Rehman, (Ex-Chairman, Department of Commerce, A.M.U., Aligarh),

II

Prof. A.R. Matto, Head & Dean, Faculty of Commerce,
Kashmir University, Srinagar, Prof. Khurshid Ali,
Head, Department of Management Studies, University of
Kashmir, Srinagar.

I am specially thankful to my friend Dr. Musadiq
Amin Sahaf, Reader, Faculty of Management Studies,
University of Kashmir for helping me in completing this
work. My special thanks are also due to Dr. Noor Ahmad
Khan, Reader, Department of Commerce, ICSC, Srinagar
(Kashmir) for his unstinted help and encouragement.

Many of teachers and well wishers also deserve
appreciation like Dr. Mohd Yunus Koul, Reader, ICSC,
Srinagar (Kashmir) and other colleagues of my College.
My special thanks are due to my well wishers Mr. Qazi
Altaf, Dr. Nazir Ahmad Shah, Dr. Manzoor Ahmad Shah,
Mr. Nazir Ahmad Mirza, Mr. Shabbir Ahmad Bhat, Mr. Riyaz
Ahmad Qadri and Mr. Zahoor Ahmad Chat.

In the completion of this work I have been
benefitted in a large measure by the ideas of various
officers concerned with the Department of Cooperatives

III

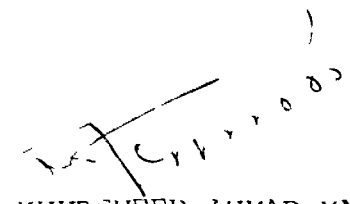
and Horticulture of Jammu and Kashmir. I owe a great debt of gratitude to all of them but regret my inability to mention them individually. In particular, I am highly thankful to Mr. Jitender Dev^V, Secretary, Jammu and Kashmir Cooperative Union Ltd., Jammu, Registrar Cooperative Societies Jammu and Kashmir Government, Srinagar, Deputy Director Horticulture, Mr. Mufty Abdul Rashid, Mr. Gupta, Deputy Registrar of Jammu and Kashmir Cooperative^V Union, Jammu, Director of Horticulture (HPMC), Mr. Muneer Ahmad Pandit, Secretary, HPMC and officials of Cooperatives at Barzulla, helped me much by allowing me to use the required information and discussing with me various issues concerning the Cooperatives and Marketing of apples.

I would be failingⁱⁿ/my duty if I do not acknowledge the ungrudging help that extended to me by my parents, my brother, Nazir Ahmad Mahajan, Sr. Lecturer, Department of Commerce & Dr. Mukhtar Ahmad Mahajan, Bio-Chemist. Their solicitude in the present work at various stages and their blessings were a constant source of inspiration to me and helped me in bringing this work to a close.

IV

I also recall to my mind the memory of the sad demise of my son Ovais A. Mahajan who died in a vehicular traffic accident during my study period. I also offer thanks to my wife Mrs. Yasmeen Ara for her inspiration and motivation. She never grudged any sacrifice which my pre-occupations with the work forced on her.

In the end, I also offer my thanks to Miss Shafia Khan D/o Dr. Noor A. Khan for sketching the diagrams and Mr. Mohd Riaz Khan for typing this manuscript with utmost care and delegeance.


(KHURSHEED AHMAD MAHAJAN)

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INTRODUCTION

The roots of cooperation can be traced as a back as the beginning of human civilization. Cooperation as a subject has attracted the attention of social reformers, economists, sociologists, politicians, theologians and cooperators alike ever since its inception as a form of business organisation in the middle of the nineteenth century. The movement of cooperation came on the scene when the situation was full of contradictions; when freedom was a distinct goal; when democracy was a misnomer in the country and exploitation of all kinds was the order of the day. Beginning with as an association of individuals for "self-help through mutual aid" the cooperative method is now being increasingly applied to agricultural and industrial production as well as to social welfare and educational activities.

Cooperatives have been used during the last seventy years as an instrument of all round development of rural economy in India and also preparing a ground for the nourishment of Democratic Socialism. The cooperative method has been accepted as an

indispensable instrument of democratic planning and as an important medium for regeneration of the country's socio-economic life.

Although cooperative movement has taken strong roots in the state of Jammu and Kashmir since its inception but the achievements made so far in the various fields of cooperative sector have not been satisfactory.

In view of the above facts any study to identify and examine the failure of the cooperatives in the state would be worthwhile to undertake. Against the background the present study entitled "A Study of Cooperative Marketing in Kashmir with reference to Marketing of Apples", deals with an analytical and indepth investigation of the cooperative marketing in general and apple marketing in particular. Apple marketing is specially undertaken by the scholar, as the horticulture in Kashmir is one of the oldest industries and it constitutes an indispensable sector in the state economy. The fruit production which was just over 4.71 lakh tonnes in 1982-83 has increased to

7.24 lakh tonnes in 1988-89. At present about more than ten lakh people in the state of Jammu and Kashmir are directly or indirectly linked with horticulture sector. It is worthy to note that the state earns an annual revenue of about Rs 200 crores from this sector which includes a foreign exchange worth about Rs. 10 crores to 12 crores annually. The facts and figures clearly reveal that there is a bright chance to utilise this sector for the overall economic development of the state. Because of this fact the state government has declared the horticulture sector of high priority. But its success largely depends on market structure. An efficient market structure has a stimulating as well as regulatory influence on production methods. It can eliminate misguided and unorganised production and distribution system. Contrary to this an inefficient marketing system can result in a waste of resources.

Objectives of the Study:

The study is designed to highlight the following specific objectives:

- a. To study the cooperative movement in Kashmir.
- b. To analyse broadly the cooperative marketing in Kashmir.

- c. To examine the existing marketing mechanism of apple produce with special emphasis on cooperative system.
- d. To analyse the costs, price spread and net return at different channel levels.
- e. To ascertain the reasons from non-members for not joining the marketing societies in the apple produce of the state.
- f. To find out the shortcomings and bottlenecks in the cooperative marketing in general and apple marketing in particular.
- g. To suggest measures for improving the present system of cooperative marketing.

HYPOTHESIS

In the light of the above objectives, the study has been hypothesized:

- i. That the existing cooperative marketing lacks professional outlook.
- ii. That the cooperative system has not been properly developed and integrated with the marketing of apple produce.
- iii. That marketing of apple produce is not remunerative for the basic growers through different channels.

- iv. That the marketing costs of apple through different channels are more excepting cooperative.
- v. That if the defects of cooperative marketing are removed in letter and spirit, it can prove to be the most remunerative for growers.

RESEARCH METHODOLOGY:

The data for the study has been collected from all the possible sources - primary and secondary. However, the data envisaged through personal interviews with the growers constitute the main source of information. Data relating to sale price, marketing cost, method of sale, agency selected for sale, commission charges paid, mode and charges for packing and transportation, price received by the growers, reasons for adoption of particular channel and such other related aspects were collected from the selected growers and marketing functionaries/institutions by canvassing a structured questionnaire (see Appendix 'A').

The selection of sample was done in four stages viz. selection of districts, selection of blocks, selection of villages and finally the selection of apple orchards.

Rafiabad and Sopore blocks from Baramulla district and Shopian block from Pulwama district of Kashmir were selected purposely for the present study as these are the main apple producing blocks in Kashmir. Ten villages having maximum area under apple cultivation were selected. From each village fifteen orchardists were randomly selected. Thus the study consists of a sample of 150 orchardists selected at random from 10 villages. Further, 10 pre-harvest contractors, 12 Forwarding agents, 08 Commission agents were randomly selected from the same blocks. In addition to this, 12 Commission/ 15 wholesalers and Retailers were selected on a random basis in the Azadpur Fruit Market at Delhi.

The selected growers were classified into three broad categories on the basis of the apple bearing plants of the orchard land. The categories are as follows:

<u>Category</u>	<u>Apple bearing plants of orchard land</u>
1. Small growers	1 - 200 trees
2. Medium growers	200 - 400 trees
3. Large growers	400 and above trees

Further personal interviews and meetings with the management of Cooperative Department, Horticulture Department and Heads of the Fruit Associations of the State were conducted regarding various issues under study.

Over and above the primary source, the secondary source have also been utilised. The secondary data used for the study has been collected from the publications and official records of the following State Government Agencies:

1. Registrar, Cooperative Societies, Jammu and Kashmir.
2. Directorate of Horticulture (P & M) Government of Jammu and Kashmir.
3. Directorate of Economics and Statistics, Government of Jammu and Kashmir.
4. Jammu and Kashmir Horticulture Produce Marketing and Processing Corporation, Srinagar.
5. Planning Development Department, Government of Jammu and Kashmir.
6. Directorate of Census Operations, Government of India, Srinagar.

7. Various State Horticulture Agencies and Departments engaged in various Horticulture Marketing activities.
8. Department of Agriculture and Cooperation, Ministry of Agriculture, Government of India, New Delhi.

DESIGN OF THE STUDY:

The entire study has been divided into six chapters:

Chapter 1st attempts to analyse the growth and development of cooperatives both in pre and post independence period. It also throws light on progress made by cooperatives during plan periods and depicts the overall working of primary agricultural credit societies (PACS), Primary non-agricultural Credit Societies (PNACS), Marketing Societies and other Cooperative Societies in Jammu and Kashmir.

The second chapter exhibits the overall cooperative marketing structure in the State of Jammu and Kashmir. In addition it seeks to demonstrate the various marketing activities of cooperative societies at apex level, district level and at block level and also portrays their working in different business activities.

The third chapter exhibits the present distribution mechanism of apple produce with relative merits and demerits of all existing marketing channels. In addition, it seeks to demonstrate the growers' satisfaction with different channel levels and the factors responsible for the dominance of a particular channel.

The fourth chapter examines the marketing costs, the price spread under different channels and marketing efficiency by working out the ratio between producers' net receipt and total marketing/^{Cost} along with different market functionaries under different channels. It has been pointed out that the Cooperative Marketing Channel is most remunerative for the growers.

The fifth chapter is devoted to the various cooperative marketing problems. Besides, some apple marketing problems which have marred the popularity of cooperative sector have also been discussed.

The sixth chapter includes the conclusions and suggestions.

C H A P T E R -I

ORIGIN AND GROWTH OF COOPERATIVE IN JAMMU AND KASHMIR STATE

The two words "Co" and "OPERATION" constitute "Cooperation" and characterise it as an "Association in Operation", thereby making it a "Collective Entrepreneurial Activity". However, all entrepreneurial activities organised collectively are not cooperation as the essential distinguishing feature of cooperation from other collective organised activities lay on the "Basis" of its "Organisation" and "Objectives" of its "Operation".¹

In India the movement of cooperation came in the scene when the situation was full of contradictions, when freedom was a distinct goal, when democracy was a misnomer in the country and exploitation of all kinds was the order of the day.² As such cooperation is used

1. Mahfoozur Rehman, "Genesis of Agricultural Cooperative Credit Societies in India", Book Rays Publishers, New Delhi, 1976, p. 1.

2. Misra, J.P., "Principles of Organisation of Agricultural Cooperative Credit Societies in India", the United Press Ltd., Patna, 1936, p. 4.

as a method by which individuals with limited resources are enabled to take part in an organised economic activity for mutual benefit through mutual sharing of responsibility for management on the basis of equal partnership.

Commenting on the concept of cooperation, James Peter Warbasse is of the opinion that "Cooperation is the way of life whereby people unite democratically, in the spirit of mutual end to get the largest possible access to things and services they need".¹

I think Mr. C.R. Fay is more specific and practical in this direction. He defines cooperative society as "an association for the purpose of joint trading originating among the weak; and conducted always in a cooperative spirit in such terms that all who are prepared to assume the duties of membership may share in its rewards, in preparation to the degree to which they make use of their association".²

1. Warbasse, James Peter, *The Cooperative*, 1946, p. 12.

2. Fay, C.R., "Cooperation at Home and Abroad", P.S. King and Sons, London, vol. II, p. 12.

Against the background of this discussion the essential characteristics of a cooperative organisation stands out clearly.

- It is an association of persons and not of capital as in a limited company. It also needs capital but the emphasis is on man.
- It is an enterprise and not a charitable association. The members not merely share the gains but also share the risks and run the organisation at their own costs.
- It is a voluntary organisation and any coercion of persons to join a cooperative organisation is not in line with the concept of cooperation.
- It has democratic management. Every member has only one vote, irrespective of the number of shares held by him.
- The main objective is not profit but service to members at most economical costs.
- Its members are placed on the basis of equality, despite, differences of race, religion, creed, social status, financial or political position. Cooperation can exist only amongst the equals.

- The distinct feature of cooperative economy is distribution of social justice. The gains of cooperation are distributed in proportion to the business done by its members with their organisation and not on the basis of their contribution to the share capital.

Thus it is evident that the cooperation in itself is a wholesome economic concept with social content. Significantly, cooperation, as a universal concept, is against domination of any kind and exploitation in any form as such needs the universally applicable principles. The principles and practices of cooperation changed from time to time on account of conflicting interpretations not only in countries having different socio-economic and political set ups but even to different forms of cooperatives in the same country. However, the principles in modern setting can be enumerated as under:¹

1. Voluntary Association: Membership of a cooperative society should be voluntary and open to all

1. Dubhashi, P.R., "Principles and Philosophy of Corporation", VMNIM, Poona, 1970, p. 3.

persons who can make use of its services and are willing to accept the responsibility of membership. Neither artificial restrictions stand in the way of one becoming a member, nor social, political or religious considerations debar any one from its membership.

2. Democratic Management: Cooperative societies are democratic organisations and their affairs should be administered by persons selected or appointed in a manner agreed to by members. They should be accountable to the members. Members of the primary societies should enjoy equal rights of voting (one man one vote) and participation in decisions affecting their societies. In other primary societies, the administration should be conducted on a democratic basis in a suitable form.
3. Interest on Capital: Share capital in a cooperative society shall receive interest, if any, only at a strictly limited rate. This principle seeks to neutralise the disparities caused by ownership of capital and seeks to eliminate

the profit motive as the most impelling motive in economic affairs.

4. Disposal of Surplus: The economic results of a cooperative society's operations belong to the members of that society and any surplus arising out of the society's business shall be so distributed that no members shall gain at the expense of any other person and this may be done by provisions for development of the business, by provision for common services and by distribution among the members in proportion to their transactions with the society but not exceeding the proportion of the total divisible surplus to the total transactions of the society.
5. Education: All cooperative societies should make provision for the education of their members, officers and employees and of the general public, in the principles and techniques of cooperation, both economic and democratic. It is necessary to develop knowledge faculties and skill, enlarge outlook, educate members to work harmoniously and effectively with fellow members.

6. Cooperation Among the Cooperatives: All cooperative organisations in order to best serve the interests of their members and their communities should actively cooperate in a practical way with other cooperatives at local, national and international levels.

7. Cash Trading: This principle states that all transactions of the cooperatives should be for cash only and no credit should be granted. This principle has no universal validity as under every and modern conditions higher earnings, greater spending power, widening range of goods and services in which money can be spent, have contributed to build up a mentality among the public, which easily accepts the suggestion of the marketer to buy now and pay later.

No doubt, these principles form the corner-stone but they cannot remain valid for all time without additions or modifications. It is for this reason principle of cash trading lost its validity in modern setting because a number of organisations provide credit facilities to their members. In fact, cooperative movement developed strong

roots in many countries of the world on the varied principles consistent with their economic structure and this necessitated the organisation of cooperative societies on uniform principles throughout the world. Like other states of India the Jammu and Kashmir State also practises the principles set by the international cooperative alliance (ICA). In the beginning the departmental set up, supervisory machinery and audit system were different from other states of India. For example, in the beginning there was no separate cooperative department under the Registrar, Cooperative Societies. Similarly, the audit was done by the employees of the cooperatives and not by the independent auditors.¹ However, the basic principles of democratic management, one man, one vote, voluntary organisation and service motive etc., were the same as followed in other parts of the world.

As the development of cooperative movement before and after 1947 presents an interesting account, it is relevant to study the growth pattern of societies of Jammu and Kashmir in depth.

1. Rehman, Mahfoozur., "Cooperative Credit and Agricultural Development", Sultan Chand & Sons, New Delhi, 1974, p. 27.

Cooperative Movement in Jammu and Kashmir:

Jammu and Kashmir is the Northern-most state in the country bordered by the neighbouring countries of China and Pakistan. The State occupies an area of 2,22,800 sq. kms. which forms 7.1 per cent of the total area of the Indian Union. Geographically the State is divided into three district regions of Jammu, Kashmir and Ladakh. Population of the State, as per Census 1981 is 59.54 lakhs, of which 81.47 per cent depends on agriculture as mainstay.

Inspite of this prime importance, agriculture in the State has been lagging behind for want of sufficient finance, chemical fertilizers, irrigation facilities, use of improved seeds, use of modern technology and farm mechanisation. In order to advance loans to the poor agriculturists and to keep them away from the clutches of money lenders, the State Government under the rulership of Maharaja Pratap Singh rightly introduced the cooperative movement in the year 1912.¹

1. Op.cit., p. 24.

The movement was introduced in the State to protect the poor masses, artisans and farmers against the exploitation of money lenders. In 1912-13, a well knit plan for the development of cooperatives in the State was undertaken. During the year 1913-14 some 93 agricultural cooperative societies were organised in different parts of Jammu region with a Central Bank at Jammu. The whole organisation was under the charge of an officer specially trained for the purpose in the Punjab, aided by two assistants who were called sub-inspectors. A third sub-inspector was also appointed by the Managing Committee of the Central Bank to assist in the day to day work. The Central Bank was not financed by the State, rather an amount of Rs 5,000 was submitted by the Zamindars as share capital and State help sanctioned by the Maharaja was to the tune of Rs 24,000.¹

The salient features of the cooperative societies formed in the Jammu and Kashmir in the beginning were as follows:

- I. A few persons (not less than ten living in the same village or town or belonging to the same class, tribe, may register a cooperative credit

1. Annual Administrative Report of Jammu and Kashmir, 1913-14, Department of Information, Jammu and Kashmir, Srinagar, p. 40.

society for the encouragement of thrift and self help among themselves.

- II. The main objects of the society were to raise funds by deposits from members and loans from government and distribute the money thus obtained as loans to members.
- III. The accounts of the societies were audited free of charge by the officer incharge or by the Assistant Inspector.
- IV. The organisation and control of cooperative credit societies was put under the charge of a government official.
- V. There was no restriction on acquiring membership of the society, provided a person is not disqualified in accordance with the bye-laws of the society.
- VI. The liability of the members of the society was unlimited except with special provision of the officer-incharge.

VII. No dividends were paid from the profit of a society. The profits were carried to the reserve fund. However, a bonus was allowed to be distributed after the funds have grown beyond a certain limit fixed under law.

VIII. Loans were allowed only to members.

IX. The societies were exempted from fees payable under the stamp, registration and income tax.

In the following pages, a detailed study of the development of cooperatives in Jammu and Kashmir has been made.

Position of Cooperative Movement Before 1947:

Before 1947, the Jammu and Kashmir had a wide spread cooperative organisation, which, with the exception of the frontier districts of Ladakh and Gilgit, covered the whole of the State with a net work of more than three thousand cooperative societies at all levels, in urban as well as rural areas, composed for agricultural credit and non-credit societies, industrial societies and consumer's societies, and societies for consolidation of agricultural

holdings, arbitration etc.¹ The movement had a strong capital base. The owned funds of the societies formed about 50 per cent of their working capital and the rest was provided by the cooperative banks by securing deposits from the people, who had a firm faith in the principles of cooperative movement and full confidence in the integrity and stability of these cooperative institutions.

The cooperative movement was developed in the State to help the agriculturists and, therefore, more emphasis was laid on the development of agricultural cooperative societies to advance loans to farmers. The number of agricultural societies increased from 93 in 1913-14 to 338 in 1915-16 with a working capital of Rs 2,46,487, out of which Rs 2,38,842 were advanced by the Central Bank to the village societies and repayment amounting to Rs 61,956 (Rs 42,535 as principal and Rs 19,421 as interest) to be made in the same year.² The

1. Ahmad, Agha Syed., "Cooperative Movement in Jammu and Kashmir State", Mazdoor Cooperative Printing Press, Srinagar, p. 13.

2. Report on the Administration of Jammu and Kashmir State for the year 1915-16, p. 41.

number of societies organised in Jammu Province during the year was 122 thus making a total of 201 as against 79 in 1914-15.¹ The total working capital of the societies including that of the Central Bank was Rs 3,01,311 during 1915-16.

In 1917-18, 422 new societies were organised. The village societies witnessed an increase in their working capital to the tune of Rs 6,62,391.² The working capital of the Central Bank was also increased to Rs 4,45,759. In 1918-19 the number of societies increased by 15 making a total of 775 societies. An important feature of the year was the establishment of three industrial cooperative societies. However, before 1947 the cooperative movement in the State was predominantly a credit movement. The amount of loans sanctioned by the agricultural societies till 1947 is given hereunder in the table 1.1,

An analysis of the above table exhibits that 10 years period between 1914 and 1923 has been a period of

1. Op.cit., p. 42.

2. Report on the Administration of Jammu and Kashmir State for the year 1917-18, p. 21.

TABLE 1.1
WORKING OF AGRICULTURAL COOPERATIVE SOCIETIES DURING
1914 - 1947

Year	Loans advanced to members	Loans due from members	Loans overdue	Interest receivable.
	in Rs	in Rs	in Rs	in Rs
1914-15	64,904	53,990	-	1,593
1915-16	4,31,400	4,19,404	810	25,593
1916-17	4,22,707	4,94,998	2,861	29,634
1917-18	4,57,648	6,30,936	1,21,229	46,614
1918-19	2,84,620	8,20,612	2,98,302	79,194
1919-20	2,00,000	N.A.	N.A.	N.A.
1920-21	2,85,992	7,50,937	--	1,10,665
1921-22	N.A.	N.A.	N.A.	N.A.
1922-23	3,68,326	15,17,202	3,77,759	2,79,357
1924-25	6,32,553	20,65,518	3,24,680	2,02,323
1925-26	8,19,889	24,48,464	2,95,616	2,47,582
1926-27	10,84,365	29,53,257	3,15,303	3,02,568
1927-28	9,23,161	32,20,469	3,04,352	3,61,015
1928-29	10,47,518	36,81,203	3,53,458	4,72,757
1929-30	9,31,620	40,76,817	3,69,313	5,49,043
1930-31	8,21,392	44,79,464	4,13,573	7,49,683
1931-32	2,30,413	46,25,299	6,69,644	10,61,339
1932-33	2,01,906	35,36,811	7,33,696	13,55,637
1933-34	1,49,268	45,22,060	7,08,012	15,85,516
1934-35	2,11,625	42,77,209	6,26,446	14,57,749
1935-36	2,88,236	41,09,800	6,08,781	13,00,423
1936-37	2,11,214	40,78,252	8,37,033	13,90,791
1937-38	1,62,673	39,89,242	10,50,511	14,41,919
1938-39	2,23,644	39,34,657	12,72,718	14,33,289
1939-40	2,74,679	33,26,125	12,14,746	12,16,353
1940-41	1,80,810	36,90,044	13,60,119	14,15,912
1941-42	1,66,608	35,63,643	1,23,798	13,76,702
1942-43	64,757	33,90,466	13,35,990	13,23,417
1943-44	1,54,822	30,23,485	12,38,260	12,09,012
1944-45	1,34,554	27,48,410	11,46,121	11,87,675
1945-46	2,50,068	25,19,268	10,50,863	11,24,076
1946-47	3,52,378	22,44,328	8,44,651	10,74,656

Source: Agha Syed Ahmad and Rao Pretam Chand, Cooperative Movement in J & K, Mazdoor Cooperative Printing Press, Srinagar, p. 41.

experimentation in the field of cooperation in Jammu and Kashmir State. During the period the societies' activities were limited only to providing of loans. The loans sanctioned during the period increased from Rs 64,904 to Rs 3,68,326. The societies distributed loans worth Rs 6,32,553 and Rs 2,30,413 in the year 1924 and 1931 respectively. However, this eight years period, the members were advanced loans, which were beyond their repaying capacity. This trend amounted to an increase in the loans overdue from members and the amount of interest payable by them. To recover funds of the societies, different measures were adopted including the coercive practices, which resulted in the liquidation of certain societies.

The period between 1923 and 1942 witnesses certain ups and downs in the field of cooperation in Jammu and Kashmir. The business of the societies had to face a substantial decrease, more so from the year 1931-32 as depicted in the table 1.1. The amount of loan advanced to members declined to 64,757 in the year 1942-43. It was only in the year 1943-44 that the

business of the societies got revived and increased to Rs 1,54,822. It reached to Rs 3,52,378 in the year 1946-47.

Before 1947, the cooperative movement was predominantly a credit movement. It was facing competition from money lenders who were not only providing credit to agriculturists but also running shops in the villages providing agricultural requisites and goods of daily necessities of life. Thus it was easy for them to keep the cultivators under influence. On the other hand the cooperative credit societies provided only partial credit needs and left the peasants at the mercy of the local money lenders-cum-traders to meet their requirements. In this way the societies failed to protect the farmers from the exploitation of money lenders.¹

To keep pace with the changing economic situation, in addition to providing credit to agriculture sector, non-agricultural sectors was also duly encouraged. The table 1.2 discloses the position of loans advanced to non-agricultural sector till 1947.

1. Cooperators Bulletin, The Jammu and Kashmir Cooperative Union Ltd. Jammu, March 1970, p. 25.

TABLE 1,2

WORKING OF NON-AGRICULTURAL COOPERATIVE SOCIETIES
DURING 1934-1947

Year	Member- ship	Loans advanced to members (Rs)	Loans due	Loans over- due (Rs)	Interest due (Rs)
1934-35	440	26,064	1,66,228	28,552	14,122
1935-36	470	21,049	62,412	7,838	10,226
1936-37	541	31,692	77,572	27,916	11,776
1937-38	606	39,272	97,504	21,327	15,211
1938-39	664	42,164	1,19,669	24,707	16,942
1939-40	726	55,240	1,41,891	10,300	17,243
1940-41	1,028	57,504	1,70,923	31,319	18,746
1941-42	897	69,766	2,08,412	48,946	18,815
1942-43	928	25,569	2,14,945	33,777	20,109
1943-44	968	18,547	2,35,730	61,627	25,797
1944-45	934	58,564	2,59,824	55,179	27,957
1945-46	914	38,595	3,44,180	1,17,842	29,716
1946-47	919	77,631	2,76,915	50,057	45,960

Source: Agha Syed Ahmad and Rao Preetam Chand, "Cooperative Movement in Jammu & Kashmir", Mazdoor Cooperative Printing Press, Srinagar, p, 43.

The table 1.2 depicts that the loans advanced to non-agricultural sector by the cooperative societies witnessed an upward trend except in the year 1942-43 and 1943-44. During the period consumer cooperative societies were encouraged in the State, more specially during world

war II as the prices of many articles registered an unwarranted increase during the war. During the World War II and the post-war years the Consumers' Cooperative Organization had demonstrated "its efficiency and usefulness in this field of national economy and the need for cooperative organization for this purpose was keenly felt. To meet the situation, organisation of cooperative stores was encouraged by the State. The stores not only ensured supply of consumer goods at fair prices but also exercised a healthy influence on the trade as a whole. These cooperative stores were the associations of small traders who were supplied goods by the control department.

In short before 1947 the movement covered both agricultural and non-agricultural activities. The movement though limited was self reliant, sound, stable and progressive and made significant impact upon the economy of the State. It comprised village based small sized credit societies affiliated to Central Cooperative Banks and banking unions. In the urban areas there were small sized cooperative credit units mainly of poor and economically weaker section of the community and a few consumer stores which had all sprung up apparently to meet conditions of scarcity created by World War II.

Cooperative Movement After 1947:

In 1947, in the wake of the vivisection of India, came the partition with its concomitant commotion, tumult, wholesale destruction and holocaust. The tribal raids in the State in 1947 and the subsequent occupation by Pakistan of four districts of the State i.e . Mirpur, Poonch, Muzaffarabad and Baramulla, dealt a severe blow to an already weak cooperative movement, since a large part of the loans outstanding to cooperative banks was accounted for by societies in the occupied area.¹ The economy of the State as a whole was completely shattered. This adversely affected the cooperative societies in the State, which were paralised and became practically defunct, many of them beyohd all possibility of revival, revitalisation, repair or reform. Therefore, after independence, the cooperative movement in Jammu and Kashmir had to start from a scratch.

As the rail and road link between Sialkot and Jammu and the Jhelum Valley road between Rawalpindi and Srinagar were completely cut, communication was seriously

1. Op.cit., p.27.

disrupted. Traffic, commerce and trade with the rest of the sub-continent came to a standstill which resulted in acute shortage of consumer goods, including some essential commodities such as food grains, salt, sugar, cloth, kerosine oil, edible oil etc., and the government decided to import these commodities. But a suitable agency for their fair and proper distribution was not available. The individual merchants, who were exploiting the situation and making exorbitant profits by black marketing, could not be relied upon. It was in this direction the cooperative stores did a commendable job because of which the government came with a soft hand to organise the cooperative structure in the state afresh.

In order to rebuild the cooperative structure in the State, it was decided to organise large sized multi-purpose cooperative service societies at the Patwar Halqa Level, which was also considered to be a viable unit. "The objects of these societies included provision of credit, supply of agricultural inputs, marketing of agricultural produce, distribution of consumer goods and promotion of subsidiary occupation to the agriculturists".¹

1. Cooperators Bulletin, The Jammu and Kashmir Cooperative Union Ltd., Jammu, Aug-Sept. 1972, p. 36.

The year 1953 is an important land mark in the economy of Jammu and Kashmir as it makes the beginning of a planned economic development. In Jammu and Kashmir the Five Year Plan was started two years late. The movement was also to some extent rehabilitated in 1953 when the government sanctioned a subsidy of Rs 15.60 lakhs for writing off the loans outstanding against the societies.¹ During this period, over and above the agricultural credit societies, other types of cooperatives were strengthened while some other new activities were added to the cooerative field.

Cooperative structure, as it stands today, has thus its origin in the post independence period. Long before the Rural Survey Committee's recommendations became public, the authorities in the State planned to organise large sized viable primaries with multiple objects of credit, supply and distribution of consumer goods, marketing and support to subsidiary occupations as the base of the movement. A well integrated federal

1. By the courtesy of the Jammu and Kashmir Cooperation Union Ltd., Jammu.

system was organised in each sector of cooperation viz, credit, marketing, consumers and industrial cooperatives.

The table 1.3 shows the progress of cooperative movement in Jammu and Kashmir State during 1950-51 to 1987-88.

The table 1.3 reveals the year-wise position of cooperative societies in the State as a whole from 1950-51 to 1987-88 indicating the trends in the growth of number, membership and working capital. The number of cooperative societies in different fields went on increasing and reached the level of 2,165 in the year 1965-66. The membership of different cooperative societies in the year 1965-66 was 3.12 lakhs. However, with an increase in the number of societies, the membership also showed a rising trend and reached 6.92 lakhs in the year 1987-88 with a net increase of about 122 per cent over 1965-66. The working capital of the societies has recorded an increase of about 204 per cent during the year 1987-88 basing it upon the working capital of the societies for the year 1968-69 which stood at 2,578.84 lakhs. These rising

TABLE 1.3PROGRESS OF COOPERATIVE MOVEMENT DURING
1950-51 to 1987-88

Year	Number of societies	Membership (in lakh nos.)	Owned fund (Rs in lakh)	W. Capital (Rs in lakh)
1950-51	N.A.	1.49	54.15	93.00
1955-56	N.A.	1.99	41.21	143.01
1960-61	N.A.	2.71	82.60	402.00
1965-66	1,050	3.12	135.24	928.00
1968-69	1,548	3.30	269.68	2,578.84
1971-72	1,355*	3.86	N.A.	N.A.
1972-73	1,426*	4.02	N.A.	N.A.
1973-74	1,553	3.86	232.99	2,375.49
1974-75	1,663	4.08	260.34	2,761.99
1975-76	1,700*	5.01	N.A.	N.A.
1976-77	1,687*	4.87	N.A.	N.A.
1977-78	1,716	4.44	678.59	5,808.93
1978-79	1,741*	5.13	N.A.	N.A.
1979-80	1,772	5.15	200.66	11,865.08
1980-81	1,848	5.20	1,061.59	9,563.86
1981-82	1,818	5.26	1,233.34	10,903.39
1982-83	1,930	5.56	1,416.41	12,402.16
1983-84	1,971	5.22	N.A.	13,306.82
1984-85	1,972	4.99	N.A.	5,976.34
1985-86	2,008	5.34	N.A.	6,666.63
1986-87	2,052	6.24	N.A.	7,027.27
1987-88	2,165**	6.92	1,145.97	7,827.42

Source: Digest of Statistics, J & K Government 1985-86.

* Annual Administration Report, 1972-73 to 1975-76; and 1975-1980, Registrar Cooperative Societies J & K, Srinagar.

** By the courtesy of the Registrar Cooperative Societies, J & K, Srinagar.

trends in the business of the cooperative societies in the Jammu and Kashmir State provide a significant clue of the role of the cooperative movement in the development of State's economy.

The main reason responsible for the rising trend of the cooperative societies in respect of number, membership and working capital over the period as shown in the table 1.3 is the diversification of the activities of the movement. During the period under reference, besides credit cooperatives some new activities like marketing, industry, forestry, transport etc. were added to the already existing activities of cooperation.

The primary agricultural credit societies in Jammu and Kashmir State showed a significant progress during the period under reference. In June 1965, there were 1,204 primary Agricultural Credit Societies in the State with a membership of 2,74,000. Their capital was Rs 2,31,50,000 and deposits amounted to Rs 6,89,000. The table 1.4 depicts the growth of PACS during 1971-72 to 1987-88.

TABLE 1.4PROGRESS OF PRIMARY AGRICULTURAL CREDIT SOCIETIES DURING 1971-72
TO 1987-88

Year	Number of societies	Membership (in lakh nos)	Owned fund (Rs in lakhs)	Working Capital (Rs in lakhs)	Loans Advanced (Rs in lakhs)
1971-72*	1,147	3.07	N.A.	N.A.	N.A.
1972-73*	1,206	3.23	N.A.	N.A.	N.A.
1973-74	1,298	3.49	112.70	1,346.94	N.A.
1974-75	1,383	3.57	124.44	1,624.09	231.77
1975-76	1,394	3.67	N.A.	N.A.	N.A.
1976-77	1,409	3.78	N.A.	N.A.	N.A.
1977-78	1,404	3.88	177.60	1,956.55	N.A.
1978-79	1,431	3.89	N.A.	N.A.	N.A.
1979-80	1,473	4.17	216.28	2,569.49	371.13
1980-81	1,536	4.12	233.91	2,221.23	464.27
1981-82	1,560	4.16	260.85	2,572.26	628.88
1982-83	1,558	4.17	373.63	2,854.98	673.48
1983-84	1,561	4.19	385.88	2,988.93	N.A.
1984-85	1,565	4.33	N.A.	N.A.	798.80
1985-86**	1,585	4.57	N.A.	N.A.	847.47
1986-87**	1,734	4.73	N.A.	N.A.	886.07
1987-88**	1,673	5.14	563.05	4,336.31	1023.61

Source: Digest of Statistics, 1985-86, J & K Government.

* Annual Administration Reports, 1972-73 to 1975-76 and 1975-80, Registrar Cooperative Societies, J & K, Srinagar.

** By the courtesy of the Registrar, Cooperative Societies, J & K, Srinagar.

The number of PACS increased continuously from 1,147 in 1971-72 to 1,673 in the year 1987-88, making a net increase of about 46 per cent over the base level. The membership of these societies recorded an increase of 67 per cent during the year 1987-88 when it reached the level of 5.14 lakhs as against 3.07 lakhs during the year 1971-72. The loans issued by the PACS increased to Rs 1,023.61 lakhs during the year 1987-88 as against the base level of 1974-75 which stood at Rs 231.77 lakhs, thus making a net increase of about 352 per cent over the base level. The owned-fund and working capacity of the primary agricultural credit societies were Rs 563.05 lakhs and Rs 4,336.31 lakhs respectively. During the same period the amount due and amount overdue of primary agricultural credit societies was recorded at Rs 1,239.95 lakhs and Rs 902.92 lakhs respectively. These PACS cover about 6,000 villages of the State with a population of about 32 lakhs out of a total of 6699 villages with a total population of 38.33 lakhs.

The operations in regard to primary non-agricultural credit societies for the state as a whole during 1984-85 to 1987-88 is shown in the table 1.5.

TABLE 1.5

PROGRESS OF PRIMARY NON-AGRICULTURAL CREDIT SOCIETIES
DURING 1984-85 to 1987-88

Year	No. of Socie- ties	Member- ship (in lakh Nos)	Loans Advan- ced (Rs in lakhs)	Loans due (Rs in lakhs)	Loans overdue (Rs in lakhs)
1984-85	50	0.07	7.58	39.14	16.64
1985-86	53	0.07	7.89	40.89	18.46
1986-87	62	0.071	15.69	39.36	13.95
1987-88	66	0.785	55.26	52.78	16.75

Source: By the courtesy of the Registrar, Cooperative Societies, Jammu and Kashmir, Srinagar, 1989-90.

The position revealed in the table 1.5 discloses a positive trend in respect of primary non-agricultural credit societies in the State. During the year 1984-85 there were only 50 primary non-agricultural credit societies in the State and these societies increased to 66 during the year 1987-88 making just an increase of 32 per cent over the year 1984-85 with a membership of 0.785 lakhs. Loans advanced by these societies increased from Rs 7.58 lakhs in 1984-85 to Rs 55.26 lakhs in the year 1987-88 and overdue loans made a slight change from Rs 16.64 lakhs to Rs 16.75 lakhs during the

period under reference. Out of total 66 primary non-agricultural credit societies in 1987-88, 26 societies were in Jammu division and 40 societies existed in Kashmir division.

Including marketing of agricultural produce which has a direct bearing upon the prosperity of the farmers and thereby sustain a desirable growth rate of the economy as a whole. In any review of contribution of agriculture to economic development, the pride of place must belong to the growth in agricultural products and then its marketing on scientific lines which will ensure due rewards to the growers/farmers for their productive efforts. It is against this background the next chapter is devoted to analyse the cooperative marketing system in Jammu and Kashmir.

C H A P T E R -II

COOPERATING MARKETING IN JAMMU AND KASHMIR

The previous chapter clearly reveals that the cooperative movement has received considerable attention in Jammu and Kashmir State like other parts of the country. The cooperatives were started in Kashmir in the year 1912-13. In the beginning, as in other parts of India primary cooperative societies were started and the main objective of such societies was to provide credit facilities to agriculturists only. In 1919 the whole responsibility of the development of cooperatives was given to provinces. Accordingly in Jammu and Kashmir a separate Ministry of Cooperation was set up. Mr. Rao Preetam Chand was appointed as First Registrar of the Cooperative Societies. Under his leadership the cooperatives were reorganised and strengthened. Though there was provision of Starting Cooperative Marketing Societies in Second Cooperative Societies Act of 1912 but in Jammu and Kashmir, such societies were started after 1919. Since then they have been functioning in the State. It will be therefore, worthwhile to make a detailed study of cooperative marketing in Jammu and Kashmir.

Jammu and Kashmir is an agricultural State and increasing agricultural production is vital for strengthening the state's economy as it contributes maximum percentage of State's income. It provides employment, supplies raw materials for industries and enriches the State exchequer. But it is the irony of fate that despite this predominance of agriculture in our State economy, little attention has been paid to the economic betterment of the farmer. Neither the farmer has adopted farming as a business enterprise nor the State till recently had any programme worth mentioning for scientific concentration, equalisation and proper distribution of the agricultural produce. The Royal Commission for Agriculture in India has remarked, "until the agriculturist realises that as a seller of the produce he must study the art of the sale either as individual or through combination of other producers, it is inevitable that he should come off second best in the contest with the highly specialised knowledge and the vastly superior resources of those who purchase his produce".¹ Kashmiri farmers like other parts of the

1. Samiuddin and Rehman, Mahfoozur, "Cooperative Sector in India", S. Chand & Co., New Delhi, 1984, p.29.

country can be compared favourably with those of the advanced countries. Rather our farmers are more efficient and hard working. The root of their tragedy lies in the fact that they work under adverse circumstances like uncertainty of rainfall, indebtedness, non-availability of good quality seeds, fertilisers, insecticides etc.¹ Inadequate means of transport, insufficient credit facilities and sale in unregulated markets where traders and dealers join hands to put the agriculturists in a disadvantageous position are some of the inescapable facts of their daily existence. Unable to hold on the produce in expectation of a little rise in prices, the agriculturist is obliged to sell at the rates dictated or fixed by the combination of merchants and agents (Dalals) irrespective of free market sale.²

Naturally the farmers of Jammu and Kashmir cannot fight single handed against nature and man at one and the same time in order to better his economic condition.

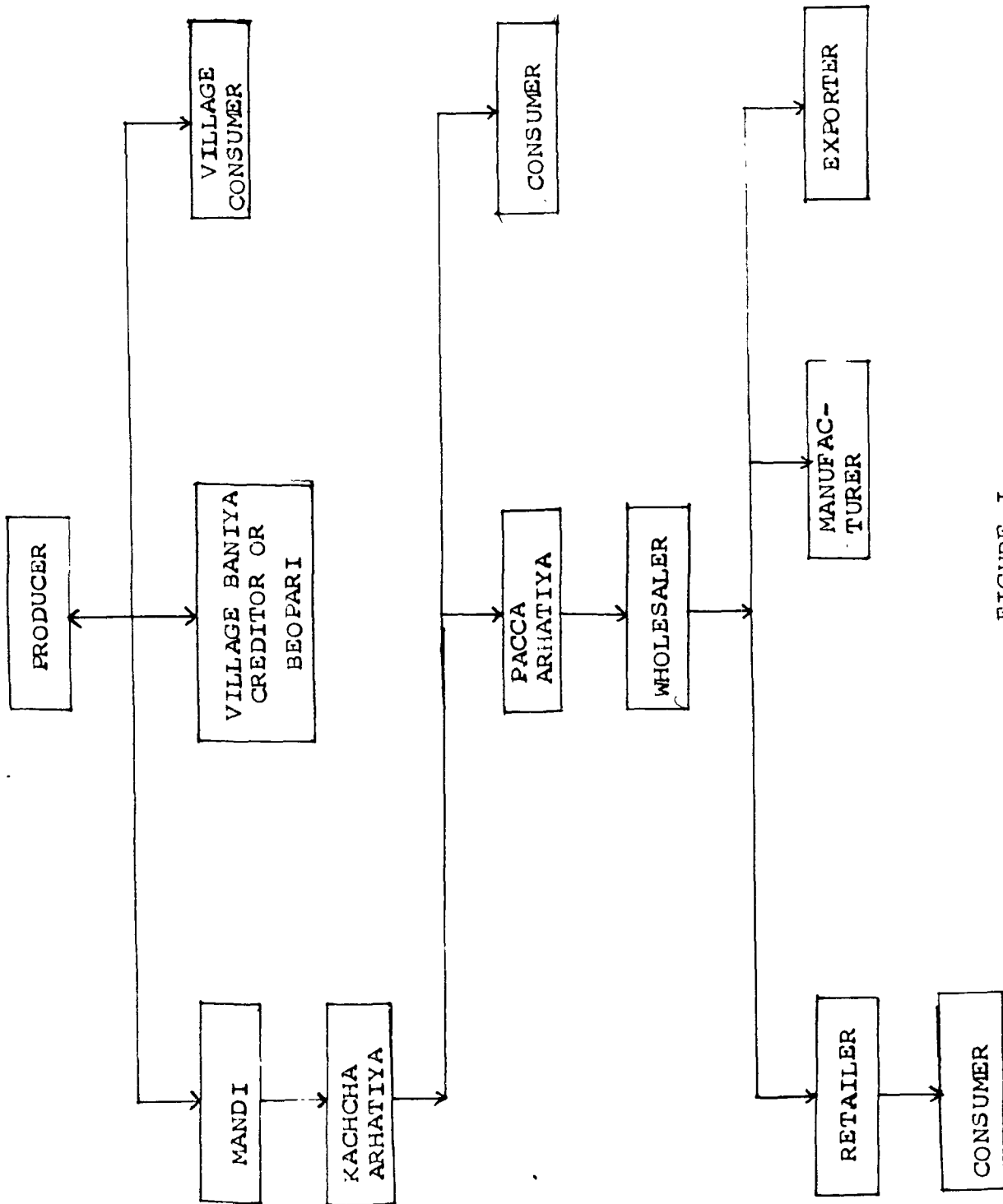
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1. Misra and Pury, "Indian Economy", Himalaya Publications, Bombay, 1990, p. 29.
 2. Patel, B.J., Editorial Note, "All India Cooperative Review", NCVI, New Delhi, pp. 64-65.

Thus, he has no desire for increasing production as it does not affect his economic condition. For his production is a means to an end. The end lies in the price which his produce fetches in the market. The importance of marketing in agriculture is very well illustrated by saying, "that a good farmer has one eye on the plough and the other on the market". This is true when agriculture is mainly for subsistence but with the commercialisation of agriculture, it will be more fit to say, "a good farmer — has only his hands on the plough but both the eyes on the market".¹ He has to look to the market to find out which crop would be more profitable and which he would grow. Having grown it, he has to look to the market to convert it at the most opportune time into money.

The present system of agricultural marketing is not well organised and the farmers have to depend largely on the middlemen for the disposal of the farmer's yield who have no hesitation in taking the advantage of the farmer's dependence upon them. The real evil is the tendency of these intermediaries who exploit the

1. Samiuddin and Rahman, Mahfoozur, "Cooperative Sector in India", S. Chand & Co., New Delhi, 1984, pp. 198-199.

ignorance and helplessness of the farmers by various malpractices like arbitrary deduction from the price of the produce, manipulation of weights and scales and collusion between the broker and the buyers. These malpractices were regarded as "nothing less than theft" by the Royal Commission on Agriculture. Their effect is further aggravated by the circumstances that large number of cultivators are indebted to the money lenders and also are on the mercy of middlemen who take part in collection, storage, financing, insuring, grading, sale and transportation of agricultural produce. Their charges are out of proportion to the services they render, with the result the producers do not get their due share of the price paid by the ultimate consumers. This fact can be explained with the help of this chart:¹ (See Figure-I).

FIGURE-I

The agencies in the chain of marketing from the producer to the manufacturer and consumer depend upon the nature of the crop. The agricultural produce of the farmer passes through various stages before it reaches the consumer. Between the producer and the consumer several middlemen and specialised agencies handle the produce and they charge higher prices for their services. Thus the producer loses considerable portion of price paid by the ultimate consumer. Recognising the vital importance of ensuring remunerative price to the growers, the government of India have adopted a policy of assuring minimum support price for principal crops such as food grains, sugar cane, ground nut, oil seeds, pulses, etc. Public and semi-public agencies like Food Corporation of India, State Civil Supplies Corporation, State Cooperative Marketing Federations and other Corporations of India are engaged in providing marketing support to the farmers through procurement operations for some of these commodities at minimum support price. Since infrastructure of the public agencies is limited and covers only limited areas, large reliance is placed on the cooperative net work, which has its roots spread upto the village levels and nearer to farmers for

providing remunerative prices for farmer's produce through the cooperative marketing net work.

Cooperative Marketing is a process of marketing through a Cooperative Association, a voluntary business organisation framed by its members for mutual benefit and self help. Commenting on the concept of cooperative marketing, the R.B.I. reproduces as "Cooperative Marketing is the system of what a group of farmers and market gardeners join together to carry in some or all the processes involved in bringing goods from the producer to the consumer".¹ For, the clarification of the concept some of the definitions are reproduced as under:

According to Bakker and Schher, "Cooperation in marketing is a business undertaking amenable to the economic forces but not to all traditions, codes and practices which effect private commercial enterprises".

Thus the main object of Cooperative Marketing Society is to enable farmers to market their produce

1. Op.cit., p. 204.

to the best advantage, by streamlining the whole process of movement of goods to the consuming markets. The basic principle of cooperative marketing is, therefore, to strengthen the economic position of the farmers/producers by increasing their collective bargaining power and facilitate joint operation for mutual benefit. It helps the members to produce the best products and those most is demand. It stands for fair trading practice and uses its influence against rings and manipulation of price. It strengthens the farmers position as a seller, assures him of regular trade outlet, and enables him to obtain better prices

COOPERATIVE MARKETING STRUCTURE

In India Cooperative Marketing is an organised basis came to be started only in 1930s. Earlier a few attempts were made to organise marketing societies on a voluntary basis, e.g. at Kumbhakanoam (1913), Kadag (1918), Surat (1930) for the sale of commodities like cotton, fruits, vegetables etc. It was only after the first Five Year Plan, 1956, that a systematically organised cooperative structure for marketing of

agricultural produce was conceived as part of the plan. The pattern of organisation of Cooperative Marketing Societies is not uniform throughout the country. While in some of the states there is a two tier pattern of organisation, i.e. primary marketing societies at the level of the secondary market and the apex marketing society at the state level. In some states there is a three tier system consisting of primary marketing societies at the base i.e. secondary markets, the central marketing societies generally at the district level and the apex marketing society at the state level.¹ The divergence of opinion about the need for a district level organisation is that existence of these societies favoured on the ground that they will be helpful in inter-district trade, maintaining liason with the district authority and will help processing of agricultural produce on a large scale and in bulk distribution of chemical fertilizers, and other agricultural inputs. A two tier structure is favoured on the plea that the district headquarter not in most cases,

1. Mathur, B.S., "Cooperation in India", Sahitya Bhavan, Agra, 1988, p. 273.

a channel of commercial trade and, therefore, its role is found to be limited in so far as actual marketing is concerned.¹ The structure as developed comprises of 4,292 primary marketing societies at the mandi level (including 976 special commodity societies), 2,105 central/district cooperative marketing societies), 32 State Cooperative Marketing Federations and the National Agricultural Cooperative Marketing Federation operating through 39 main branches all over the country.²

Thus, at the base level there are primary cooperative marketing societies with National Agricultural Cooperative Marketing Federation at National level and at State level, there are State Cooperative Marketing Federations. The membership of the societies is 34 lakhs and their working capital to the tune of Rs 300 crores.³ Besides marketing cooperatives, processing

1. Op.cit., p. 275.

2. Handbook on Cooperative Marketing, National Cooperative Development Corporation and Department of Agriculture and Cooperation, Ministry of Agriculture, Government of India, 1988, p. 3.

3. Ibid., pp. 4-5.

societies like Sugar Factories, Cotton Spinning and Processing Societies etc. are also undertaking marketing activities in the country.

The present cooperative marketing structure in India can diagrammatically be presented (See Figure-II).

The Commission on Cooperative Marketing has, however, recommended that future pattern of marketing cooperatives should be a two-tier structure, with the apex at the state level, primary marketing societies at the mandi level, and branches of apex society at the district or regional level.

The main commodity groups handled by the cooperatives comprised of Food grains, sugar, cotton, and jute, besides oil, seeds, pulses and fruit and vegetables. The commodity wise business handled by cooperatives in values during the period 1977-78 to 1987-88 can be seen from the following table 2.1.

The table 2.1 depicts 94.88 per cent increase in the total value of goods marketed through cooperatives

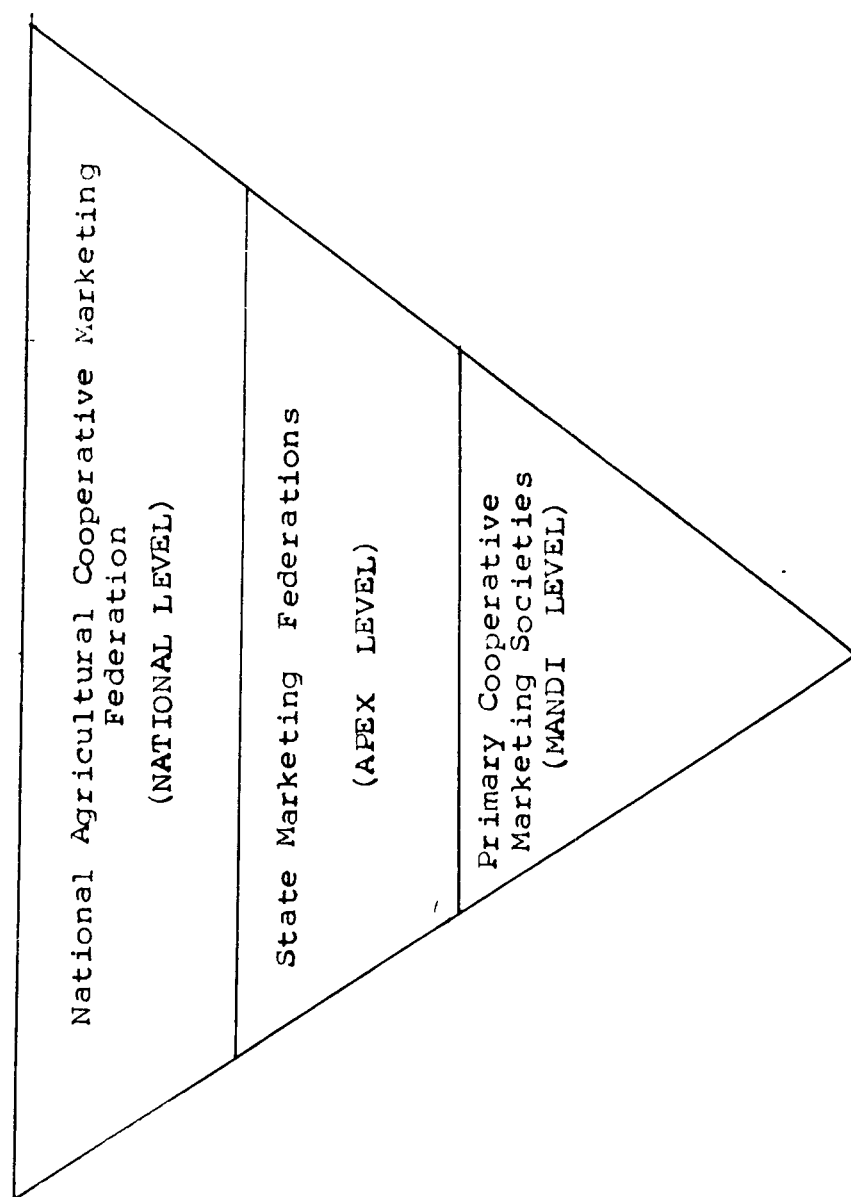


FIGURE-II

COMMODITYWISE BUSINESS HANDLED BY COOPERATIVES DURING 1977-78
TO 1987-88

(Rs in crores)								
Year	Food grains	Sugar cane	Cotton	Oil Seeds	Plant- ation crops	Fruit trees	Others	Total
1977-78	384	630	151	33	93	27	85	1,403
1978-79	490	554	462	58	108	13	112	1,797
1979-80	500	510	440	70	124	26	130	1,800
1980-81	500	580	530	70	125	28	117	1,958
1981-82	570	600	550	80	120	35	135	2,100
1982-83	650	630	600	90	140	38	152	2,300
1983-84	620	590	620	100	140	42	152	2,264
1984-85	630	640	645	110	145	50	160	2,380
1985-86	650	650	670	125	148	55	165	2,463
1986-87	710	680	700	130	154	62	174	2,610
1987-88	750	710	720	150	160	68	185	2,732

Source: National Cooperative Development Corporation and
Department of Agriculture & Cooperation, Ministry
of Agriculture, Govt. of India, 1988

in the year 1987-88 as against the base level of Rs 1,403 crores during 1977-78, which seems to be an encouraging phenomenon so far as marketing through cooperatives is concerned. The table 2.1 also indicates that primary items like food grains, sugar cane and cotton formed the maximum value of goods marketed through cooperatives in India which shows the level of increasing participation of farmers for marketing their produce through cooperatives. Moreover, marketing of fruit through Cooperative societies also show an increasing trend which reached to Rs 185 crores in 1987-88 from Rs 85 crores in 1977-78. The cooperative marketing system was adopted in the State of Jammu and Kashmir like all other agriculture oriented states of the country as agriculture happens to be the mainstay of the people of the State and it has to play a vital role in the overall economic development of the State. Agriculture contributes approximately half of the total income to the State exchequer.¹ Thus revealing the pervasiveness of the sector in the overall development of the State. The sector provides direct or indirect employment to over 70 per cent of the total population of the State.

1. By the courtesy of the Office of the Food Commissioner of Jammu and Kashmir, Srinagar.

On account of association of the large size of population of the State in the area of agriculture, a dire need was felt to save the poor farmers from the clutches of exploitation by the adoption of marketing of their produce through cooperatives. With the introduction of improved seeds, fertilisers, insecticides, pesticides and availability of cooperative outlets in the State, the production of crops has increased tremendously. In order to provide marketing facilities for disposing off all surplus produce, marketing societies were organised in the state . The marketing societies have been classified into two categories:

1. General Purpose Marketing Societies.
2. Specialised Marketing Societies.

In Jammu and Kashmir there are no specialised marketing societies but only general purpose marketing societies are functioning since long.

The Cooperative Marketing structure in the State is based on three tier system like the Cooperative Credit System. At apex level there are Jammu and Kashmir Cooperative Supply and Marketing Federation Ltd. Jammu

1	2	3	4	5	6	7	8	9	10	11
4. Primary Cooperative Marketing Societies (Block Level)	82	83	85	88	88	92	97	105	115	120

Source: By the courtesy of the Registrar, Cooperative Societies, Jammu and Kashmir, Srinagar, 1988.

The whole state has been divided into three regions viz. Kashmir region, Jammu region and Ladakh region. Since the capital of the state is shifted from Srinagar to Jammu in the Winter, the State has two Apex Cooperative Institutions as shown in table 2.2. There is Jammu and Kashmir Cooperative Supply and Marketing Federation Ltd. Jammu in Winter Capital and Jammu and Kashmir Cooperative Consumers Federation Ltd. Srinagar in Summer Capital. Both these institutions are involved in marketing practices in respective regions. So far as District Cooperative Marketing Societies are concerned, there is only one in Jammu. In Jammu and Kashmir the peculiar thing is that the Cooperative Marketing structure is three tier on paper but in actual practice it is only two tier as there

is only one district level Cooperative marketing society at Jammu. So far as primary Cooperative marketing societies are concerned their number has increased from year to year as the table 2.2 shows 120 in 1987-88 as against 82 in 1978-79.

THE JAMMU AND KASHMIR COOPERATIVE SUPPLY AND MARKETING FEDERATION LIMITED (JAMMU).

This is an apex level marketing society and its area of operation is whole of the Jammu and Kashmir State. Its headquarter is at Jammu situated near Rehari at main Jammu and Kashmir Highway. It has its own premises. The society purchases fertilisers from outside and arranges its distribution to the marketing societies of the State. The marketing societies further pass the fertilisers to the primary agricultural cooperative societies in the said manner where it is sold to the consumers according to their needs and demands.

The Jammu Federation also deals in consumer business like controlled and non-controlled goods and caters the needs of all marketing societies in the Jammu Province. The Federation also deals with confiscated

goods. The Federation is engaged in processing of food grains which is being handed over to Food Corporation of India in finished form. This gives remunerative increase in the business of marketing societies as well as in the apex institutions. The society has a cold storage facilities at Miran Sahib, Jammu where goods are stored. The institution has also its godowns at different places. The food grains, fertilisers and other articles are being dumped in these godowns. The storage capacity of the institution is not sufficient as it requires much accommodation for storage of goods. It is for the first time that the agriculture department has entrusted the procurement of pesticides and insecticides to the cooperatives and the work in this direction has been taken up by the Federation. The institution runs a sales shop at their headquarter where consumer goods and confiscated goods are sold. The working of the Federation during 1982-83 to 1987-88 is given in Table 2.3.

The table 2.3 reveals that the share capital of the institution remained constant over the years even though the membership rose from 787 to 803 from 1982-83 to 1987-88. The agriculture produce worth Rs 857.70 lakhs during 1987-88 was purchased by the institution while it

TABLE 2.3

WORKING OF THE JAMMU AND KASHMIR COOPERATIVE SUPPLY AND MARKETING
FEDERATION LTD. JAMMU 1982-83 TO 1987-88

(Amount in 000s)						
	1982- 1983	1983- 1984	1984- 1985	1985- 1986	1986- 1987	1987- 1988
1	2	3	4	5	6	7
1. Membership	787	789	792	790	795	803
2. Share capital:						
i. Government	1,547	1,547	1,547	1,547	1,547	1,547
ii. Societies	138	138	138	138	138	138
iii. Individuals	9	9	9	9	9	9
iv. Total	1,694	1,694	1,694	1,694	1,694	1,694
3. Value of produced procured	80,450	82,300	83,500	83,000	85,100	85,700
4. Value of purchases of owners (other than procured):						
i. Agricultural	70,150	69,200	-	55,490	63,800	85,400
ii. Agricultural requisites	1,25,355	1,50,612	1,55,728	1,75,313	1,85,615	1,90,105
iii. Consumers goods	3,120	3,370	4,155	5,150	4,900	4,960

1	2	3	4	5	6	7
5. Value of Sales as owners						
i) Agricultural produce.						
a) Wholesale	55,000	52,554	20,160	48,150	59,163	80,150
b) Retail	-	-	-	-	-	-
ii) Agricultural requisites.						
a) Wholesale	120,350	160,135	158,612	180,315	190,305	189,728
b) Retail	-	-	-	-	-	-
iii) Others.						
a) Wholesale	3,080	3,112	4,045	4,160	4,700	4,712
b) Retail	-	-	-	-	-	-
6. Value of Sales of agricultural requisites as owners & as agents						
a) Fertilisers	90,205	95,400	115,000	125,000	135,160	140,612
b) Seeds	2,455	2,612	2,313	2,561	3,015	3,560
c) Agricultural implements	1	3	6	7	4	3
d) Pesticides	23,400	28,512	31,313	29,412	27,645	41,000

Source: By the courtesy of the Registrar Cooperative Societies, J & K, Srinagar, 1988.

was only 804.50 lakhs during 1982-83. Agricultural requisites were purchased for an amount of 1,901.85 lakhs during 1987-88 while as the amount incurred on this item was Rs 1,253.55 lakhs during 1982-83. Consumer goods worth Rs 49.60 lakhs were purchased during 1987-88. The institution diverted their business towards fertiliser and agricultural produce and purchase of consumer goods and the sales made on account of agricultural produce (wholesale) Rs 801.50 lakhs, agricultural requisites (wholesale) Rs 1,897.28 lakhs and others (wholesale) Rs 47.12 lakhs during 1987-88 while it was Rs 550 lakhs, Rs 1,203.50 lakhs and Rs 30.80 lakhs in the year 1982-83. The sale of agricultural requisites Rs 1,406.12 lakhs in the year 1987-88 was in the shape of fertiliser, Rs 35.60 lakhs seeds, pesticides Rs 410 lakhs and Rs 2.03 lakhs implements.

JAMMU AND KASHMIR COOPERATIVE CONSUMERS
FEDERATION LTD., SRINAGAR

The institution is at provincial level and its area of operation is the whole of Jammu and Kashmir State. It was previously known as Kashmir People's Cooperative Service Ltd., Srinagar and its area of

operation was Kashmir Province only. It was only in the year 1978-79 that it has been given the status of apex institution and was registered under No. S.S/C/ dated May 27, 1979 in the name of Jammu and Kashmir Cooperative Consumers Federation Ltd., Srinagar with its area of operation in Jammu and Kashmir State. The headquarter of the society is in the heart of Srinagar near government Central Market, Exhibition Ground.

The institution imports fertilisers for Kashmir Province from Jammu and Kashmir Cooperative Supply and Marketing Federation Ltd., Jammu and passes it on to marketing societies of Kashmir Province including Leh and Kargil districts. The marketing societies further pass it on to primary agricultural credit societies for sale to the needy people. The institution also deals in all kinds of consumer goods for supply to its affiliated marketing societies. The society purchases confiscated goods and sells these to the members and non-members of the institution. The society runs a sales depot at Lal Chowk named as Super Bazar where all kinds of consumer goods (controlled and non-controlled) and other articles are sold on retail basis in the open market. The sales

depot proved much useful in checking the price line in the city of Srinagar. The society has also its own two godowns at Chatabal, Srinagar and at Khrew Lassipora, Anantnag where fertilisers and other consumer articles are being dumped. The working of the institution from 1982-83 to 1987-88 is depicted in the following Table 2.4.

The table 2.4 reveals that the institution has purchased consumer goods worth Rs 302.00 lakhs and fertilisers Rs 483.00 lakhs in 1987-88 while it was Rs 302.00 lakhs and Rs 334.00 lakhs in 1982-83. The sale of consumer goods was Rs 423.50 lakhs on wholesale basis and Rs 71.50 lakhs on retail basis during 1987-88 while as it was Rs 282.00 lakhs on wholesale basis and Rs 53.20 lakhs on retail basis during 1982-83. The figure clearly show that institution's purchase and sale of consumer goods has considerably increased over the years. Since Kashmir province experience heavy snow fall during Winter and results into scarcity of consumer goods on account of road blockades at Jammu and Srinagar national highway and in this direction the institution is doing a commendable job by making goods available to the consumers at consumer stores situated in heavy nook and corner of the province. The sale of fertilisers of the institutions has also

TABLE 2.4

WORKING OF THE JAMMU AND KASHMIR COOPERATIVE CONSUMERS FEDERATION LT
SRINAGAR DURING 1982-83 AND 1987-88

(Amount in 000s)						
	1982- 1983	1983- 1984	1984- 1985	1985- 1986	1986- 1987	1987- 1988
1	2	3	4	5	6	7
1. Membership	4,050	4,100	4,100	4,160	4,200	4,300
2. Share capital:						
i. Government	550	550	550	500	550	550
ii. Societies	315	315	315	315	315	315
iii. Individuals	75	75	75	75	75	75
iv. Total	940	940	940	940	940	940
3. Value of purchases as owners (other than procured):						
i. Consumers goods	30,200	33,500	36,100	37,850	39,150	42,000
4. Value of purchases as agents (other than procured):						
a. On behalf of govt. & govt. agents	-	-	-	-	-	-
b. Apex or higher level Institution	33,400	35,500	39,200	41,000	45,500	48,3000
i. Agriculture produce	-	-	-	-	-	-
ii. Agricultural requisits	33,400	35,500	39,200	41,000	45,500	48,300

1	2	3	4	5	6	7
<hr/>						
5. Value of Sales as agents.						
1) Agricultural requisi- ties.						
a) Whole- sale.	32,000	33,500	37,800	40,150	43,360	47,250
b) Retail.	-	-	-	-	-	-
6. Value of Sales of agricultur- al requis- ties as owners & as agents.						
a) Fertil- iser.	35,400	37,300	39,600	41,200	43,150	44,160
b) Seeds	1,500	1,812	1,913	2,012	2,025	2,095
7. Sale of consumer goods.						
a) Whole sale.	28,200	31,500	33,200	37,500	39,100	42,350
b) Retail.	5,320	5,760	6,170	6,250	7,000	7,150
<hr/>						

Source: By the courtesy of the Registrar Cooperative Societies,
J & K, Srinagar, 1988.

increased from 334 lakh to 483 lakh showing increasing facilities to the agriculturists by this winter apex institutions of Jammu and Kashmir State. These consumers stores are succeeding in maintaining price line besides ensuring regular supplies to consumers. The institution is going satisfactory by organising district wholesale consumers stores at district level and primary consumer stores at base level. The position of such district and primary consumers stores are given in the following lines to come.

District Wholesale Consumer Stores:

The District Wholesale Consumer Stores are at District Headquarters and every wholesale store has established one sale depot at the Headquarters with the name of Super Bazar/Apna Bazar. The wholesale depots function in their areas of operation and also feeds of primary consumer stores and thereby helping in stopping rising of prices usually in cities and towns. The position of these wholesale stores at district-wise is given in table 2.5.

TABLE 2.5DISTRICT-WISE POSITION OF CONSUMER STORES DURING 1982-83
AND 1987-88

<u>Name of the District</u>	<u>1982-83</u>	<u>1987-88</u>
1. Srinagar	-	-
2. Budgam	-	1
3. Anantnag	1	1
4. Pulwama	-	1
5. Baramulla	1	1
6.. Kupwara	-	-
7. Leh	1	1
8. Kargil	1	1
9. Jammu	1	1
10. Udhampur	1	1
11. Loda	-	-
12. Kuthue	-	1
13..Poonch	-	-
14. Rajouri	-	-
Total	6	9

The table 2.5 shows that cooperative network is now extended to both rural and urban areas with the increase in district consumer cooperative stores from 6 to 9 which accounts to 33.33% increase from 1982-83

to 1987-88 which is the healthy sign of progress of such stores under the supervision and control of Jammu and Kashmir Consumer's Federation Ltd., Srinagar.

Primary Consumer Stores:

The primary Consumer Stores serve the consumers in a smaller area and thus these have transactions on a smaller scale. The wholesale stores supply them goods and these primary stores in return make them available to ultimate consumers at reasonable price. The district-wise position of the primary consumer cooperative store during 1982-83 and 1987-88 is given in table 2.6.

TABLE 2.6

DISTRICT-WISE POSITION OF PRIMARY COOPERATIVE CONSUMERS STORES DURING 1982-83 AND 1987-88

<u>Name of the District</u>	<u>1982-83</u>	<u>1987-88</u>
1. Srinagar	30	70
2. Budgam	2	6
3. Anantnag	3	8
4. Pulwama	2	4
5. Baramulla	5	10
6. Kupwara	4	6

7. Leh	7	10
8. Kargil	10	15
9. Jammu	8	12
10. Doda	5	7
11. Udampur	3	5
12. Kuthun	1	2
13. Poonch	2	3
14. Rajouri	1	2
Total	83	140

The table 2.6 clearly shows that primary consumer cooperative stores are going in a right direction exercising a healthy influence on the trade as a whole because the primary consumer cooperative stores are fast increasing as is clear, from the table 2.6 that in the year 1982-83, there were only 83 cooperative consumer stores as against 140 in 1987-88. In the urban and rural areas these small sized consumer stores have all sprung up apparently to meet conditions of scarcity in consumer goods especially in winter. It is for this reason that these stores are mostly increasing in Kashmir province than that of in Jammu province. Table 2.6 shows that

these stores have increased from 63 to 129 from 1982-83 to 1987-88 in Kashmir province while as it has registered an increase of just 11 stores in Jammu region. This clearly reveals that cooperative is a suitable agency for saving the people from exorbitant profits, black marketing and other malpractices in the areas where such exploitation is done.

As regards these apex institutions at state level there were four distinct patterns in the structure of membership of the apex marketing societies. In Andhra Pradesh, the membership was confined to district marketing societies and the state corporative bank. In certain other states, such as Gujarat, Kerala, Mysore, Rajasthan and Uttar Pradesh, the membership was open to primary marketing societies, district marketing societies and agricultural credit societies. In Madras and Maharashtra membership of apex marketing societies was open to other types of societies including agricultural credit societies. In Jammu and Kashmir the membership is open to individuals also.

District Cooperative Marketing Society:

There is one district cooperative marketing society functioning in the State whose local headquarter is at Jammu. The society caters to the needs of primary cooperatives in the district. It is dealing in all kinds of consumer goods, fertilisers and other articles. The details of its working from 1982-83 to 1987-88 is summarised in table 2.7

The table 2.7 reveals that the share capital of the society remained constant over the years even though the membership rose from 610 to 750 from 1982-83 to 1987-88. The agriculture produce worth Rs 17.05 lakhs during 1987-88 was purchased by the society while it was only Rs 13.80 lakhs during 1982-83. The society diverted its business towards purchase of consumer goods and purchases made on account of such goods amounted to Rs 6.50 lakhs during 1987-88 as against Rs 5.40 lakhs during 1982-83. The sales made by the society in respect of consumer goods to the tune of Rs 16.95 lakhs in 1987-88 as against Rs 13.10 lakhs during 1982-83. The overall state of affairs of the society reveals that it has not brought in its fold the business of agricultural

WORKING OF THE DISTRICT COOPERATIVE MARKETING SOCIETY
DURING 1982-83 TO 1987-88

	1982- 1983	1983- 1984	1984- 1985	1985- 1986	1986- 1987	1987- 1988
1	2	3	4	5	6	7
1. Member- ship	610	640	640	690	725	750
2. Share Capital:						
i) Govt.	115	115	115	115	115	115
ii) Socie- ties	16	16	16	16	16	16
iii) Indivi- duals	11	11	11	11	11	11
Total	142	142	142	142	142	142
3. Value of purchases as owners:						
i) Agricu- ltural requisi- tes	-	-	-	-	-	-
ii) Consumer goods	540	570	600	590	612	650
4. Value of purchases as agents:						

1	2	3	4	5	6	7
1) Agricultural requisi- tes.	1,380	1,410	1,490	1,550	1,610	1,705
1i) Consumer goods.	-	-	-	-	-	-
5. Value of sales as owners:						
1) Whole- sale.	-	-	-	-	-	-
1i) Retail.	510	530	595	460	600	625
6. Value of sale as agents.	1,310	1,405	1,470	1,510	1,603	1,695

Source: By the courtesy of the Registrar Cooperative Societies,
J & K, Srinagar, 1988.

requisites like pesticides, fertilisers etc. for which there is a dire need to ~~save~~ poor cultivators from exploitation by exorbitant prices and black marketing.

Primary Cooperative Marketing Societies:

The primary Cooperative Marketing Societies have been organised usually at block level to facilitate the working of primary agricultural societies and ensure their regular supplies. During the rising prices the marketing societies play a great role especially in rural areas. Keeping this in view the marketing societies in the State opened Super Bazars and Mini Super Bazars in their area of operation other than primary agricultural societies, to provide all kinds of consumer goods to the consumers of their areas at reasonable rates.

In addition to this the marketing societies manage to collect surplus crops from the villages through Primary Cooperative Societies and arrange its market so that the villagers/members get reasonable prices for their produce. In the initial stage the marketing societies had started marketing of fruit, walnuts, food grains, pulses but after a short span of time the

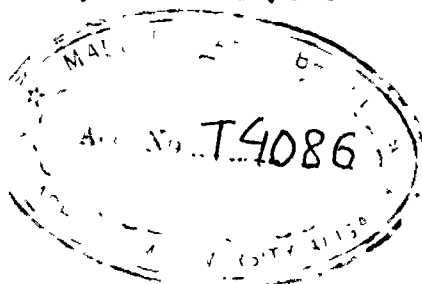
marketing societies confined their working and engaged themselves in the supply of fertilizers, seeds, consumer goods to the primary agricultural societies. In Jammu region some marketing societies are still engaged in outright purchase of food grains on behalf of apex marketing federation. The working of such societies during 1982-83 to 1987-88 is summarised in table 2.8.

Table 2.8 reveals that primary marketing societies were 105 during 1987-88 while their number was 85 in 1982-83. The membership reached from 2,34,202 to 2,42,250 during the period under reference. The total share capital touched; 64.15 lakhs in 1987-88 as against Rs 47.40 lakhs in the year 1982-83 which clearly depicts the progress of primary cooperative marketing societies in right perspective. The societies purchased as owners, consumer goods for Rs 563.50 lakhs, agricultural requisites worth Rs 262.50 lakhs, agricultural produce to the tune of Rs 180.00 lakhs during 1987-88. The value of sales as owners, for the said commodities to the tune of Rs 531.50 lakhs, 241.50 lakhs and 173.60 lakhs respectively for the same period. This whole state of affairs of such primary cooperative marketing societies account for

TABLE 2.8WORKING OF THE COOPERATIVE MARKETING SOCIETIES DURING 1982-83 TO
1987-88

(Amount in 000s)						
	1982- 1983	1983- 1984	1984- 1985	1985- 1986	1986- 1987	1987- 1988
1	2	3	4	5	6	7
1. No. of societies	85	88	92	97	101	105
2. Membership	23,420	23,670	28,800	23,950	24,150	24,250
3. Share of capital						
i. Government	3,750	3,950	4,350	4,660	4,750	5,150
ii. Societies	610	660	705	750	780	805
iii. Individuals	380	390	405	420	425	460
Total	4,740	5,000	5,560	5,820	5,955	6,415
4. Value of purchases as owners:						
i. Agricultural produce	15,200	16,100	15,300	17,500	17,900	18,000
ii. Agricultural requisites	23,400	20,150	22,812	24,300	25,150	26,250
iii. Consumer goods	50,600	54,150	52,850	56,250	57,150	56,350

1	2	3	4	5	6	7
5. Value of Purchases as agents:						
i) Agricultural produce	8,200	8,300	7,150	8,900	10,150	11,250
ii) Agricultural requisites	40,100	40,500	38,600	42,500	43,500	46,150
iii) On behalf of govt.	25,000	11,150	13,250	6,150	28,300	19,250
6. Value of Sales as owners:						
i) Agricultural produce	15,000	14,300	14,300	16,800	16,800	17,360
ii) Agricultural requisites	22,300	18,500	21,300	22,800	23,150	24,150
iii) Consumer goods	48,600	50,150	47,150	53,150	56,150	53,150
7. Value of Sales:						
i) Agricultural produce	10,600	12,500	11,300	15,200	11,150	12,600



1	2	3	4	5	6	7
ii) Agricultural requisi- tes	30,120	23,500	39,100	42,300	43,500	41,300
iii) Consumer goods	10,300	7,150	6,350	8,950	11,200	13,500

Source: By the courtesy of the Registrar Cooperative Societies
J & K, Srinagar, 1988.

healthy situation so far as marketing of agricultural produce is concerned. However, during the investigations the scholar feels that horticulture sector especially marketing of apples have long been neglected by the cooperative on account of various reasons which will come in the following chapter. It will not be out of place to mention it here that out of the total apple marketed through different agencies, cooperatives constitute a very little percentage of about 1% which is quite negligible.¹ Since horticulture is a main industry of Kashmir both in terms of employment generation and revenue oriented to the state as a whole the cooperatives should bring this sector under its fold.

The present cooperative marketing structure in the State as in vogue depicts a satisfactory state of affairs, though lagging behind in certain vital areas of the State's economy. Hence the scholar feels that positive attempts must be made to streamline the cooperative marketing structure in its totality. It

1. Scholar's discussion with officials of Cooperatives and Department of Horticulture, Planning and Marketing, Srinagar (Kashmir).

should cover those important aspects as well which otherwise remained neglected over the past years. Since horticulture industry occupies a dominant role in reshaping the State economy, efforts should be made to give more coverage to this sector on priority basis with a view to leveraging up the State's exchequer. As a matter of fact apple constitutes the hub of the horticulture industry and hence in the next chapter attempt shall be made by the scholar to elucidate and analyse the economics of apple produce with a view to find out as to which marketing channel should reasonably be adopted by the growers in order to accelerate their earnings.

C H A P T E R -III

MARKETING EFFECTIVENESS OF APPLE PRODUCE IN KASHMIR

The conclusions derived from the foregoing chapter brings to light the fact that cooperative system has been introduced in almost all major economic activities of the State but at the same time, it is depressing to note that the concept of cooperation has not been used in apple marketing in its true spirit. The State of Jammu and Kashmir has most suitable agro-climatic and geographical conditions for the production of various kinds of fruits. Out of the total geographical area of the State 29 per cent is the net sown area which includes 20 per cent under fruits.¹ It is estimated that there are more than one lakh orchards in the State at present involving about ten lakh people in various horticultural activities. The industry has earned a revenue of 200 crores in the year 1987-88 besides providing job facilities to lakhs of people (32 per cent of the working population of the State) directly or indirectly.² This

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1. Sika, B.K. and Nadda, C.S. "Marketing of Kashmir Apple", AERC, H.P. University, Simla, 1989, p. (1).
 2. Govt. of J & K, A Short Review of the different important aspects of the fruit industry, 1987-88, Directorate of Horticulture (P & M), Srinagar (Kashmir) 1967, p. 348.

employment and income generating potential has indeed made the horticulture industry the bulwork of rural economy in the State. The State of Jammu & Kashmir, the land of flora and fauna possesses a very rich history of fruit cultivation especially apple. Kashmir apple lived upto its distinguished reputation of being one of the most choicest fruits. Though the production of apple is also found in Himachal Pradesh and Uttar Pradesh yet Kashmir continues to be the hub of apple industry of the country. The State has not only an edge over Himachal and Uttar Pradesh in the field of production but also in marketing as Jammu and Kashmir is the largest apple producing and exporting State, among the various fruits which grow in the State. Apple production amounts to 7.24 lakh metric tonnes representing 94.89 per cent of the total fruit production in 1988-89.¹ It clearly reveals that there is bright chance to utilise this sector for the overall economic development of the State. But its success largely depends on market structure. An efficient and speedy marketing system is a crucial factor for both the maximisation of profits and satisfaction of the consumer. The scholar feels that cooperative marketing is the right weapon for the

1. Sahaf, M.A. "Marketing of Horticulture Industry in India", paper published in Journal, University of Kashmir, Hazratbal, Srinagar, 1989, p. 27.

efficient utilisation of horticulture resources of Jammu and Kashmir in general and apple produce in particular. Consequently it will be an interesting study to examine the reasons for the non-adoption of the cooperative system in apple marketing of Jammu and Kashmir. In this chapter an attempt is made to study the popularity and efficiency of marketing channels with special emphasis on cooperative channel.

Marketing has an important role to play in the horticulture sector of the State. Hence the Government should mobilise all its resources under its command to give a boost to this industry. Infact, this has been done to a major extent under the successive Five Year Plans but the returns from the said industry have not been commensurate with the inputs that have gone into this industry. The analysis that follows makes it abundantly clear and the reasons for all this are not far to seek. The defective and unscientific distribution system of the apple products right from the growers upto the ultimate consumers has proved one of the greatest stumbling blocks in this behalf. With a view to know more about the existing system of distribution a review has been made in the present chapter highlighting popularity of the channels, their relative merits and demerits and reasons for the adoption of a particular channel by the growers.

Channel of distribution provides the mechanism through which a company gains access to the target market for its products. A market channel or channels of distribution, is a path traced in the direct or indirect transfer of ownership to a product, as it moves from a producer to ultimate consumer or industrial users.¹ "Channel, is the structure of the intra-company organisation units and extra-company agents and dealers, wholesale and retail through which a commodity, product or service is marketed".² Says the American Marketing Association.

In the ultimate analysis, channel of distribution is an organised network of marketing institutions which in combination perform all the activities required to bridge the gap between point of production and point of consumption. A right product with a right price and right promotional campaign can exercise its unfailing impact on the sales volume only when the buyer is assured of a regular supply of the product.³ A suitable marketing channel tremendously

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1. Cundiff, E.W., et. al, "Fundamental of Modern Marketing", Prentice Hall of India, 1980, p. 202.
 2. Banerjee, M., "Essentials of Modern Marketing", Rupa and Co., Calcutta, 1981, p. 224.
 3. "Marketing Channel Strategy for Carpet Export", Indian Journal of Marketing, p. 3.

affects decisions regarding product, pricing methods and strategies, promotional policies and programmes.

The selection of an appropriate marketing channel is a highly complex issue. For most producers, there are traditionally established channels though there are few instances where producers create entirely new channel arrangements suited to their specific requirements. The simplest channel arrangement is when a producer directly sells to the ultimate consumer either through its sales force or through its retail outlets. However, there is a wide gap between the producer and the ultimate buyer particularly in horticulture products, a host of intermediaries, such as selling agents, forwarding agents, wholesalers, semi wholesalers, independent retailers, producers owned retail outlets, commission agents, brokers other dealers have to be employed to bridge the gap between producer and the target market. Thus marketing institutions which are of particular interest in horticulture marketing can be classified as follows:

A. Merchant Middlemen

- i. Retailers, and
- ii. Wholesalers

B. Agent Middlemen

- i. Brokers, and
- ii. Commission agents

Merchant Middlemen take little to, and, therefore, own the products they handle.¹ They buy and sell for their own interests. The retailer purchases products for resale directly to the ultimate customers of the goods. From the functional view point, the retailer has to perform all the marketing functions. The wholesalers sell to retailers, and industrial users, but does not sell in significant amounts to ultimate consumers. Wholesalers make up a highly heterogeneous group of varying sizes and characteristics.²

Agent middlemen, as the name implies, act only as representatives of their principal. They do not take little to, and therefore do not own, the products they handle. While merchant wholesalers and retailers secure their income from a margin between the buying and selling prices, agent middlemen receive their incomes in the form of fees and commission.³ The agent middlemen generally arrange delivery, extends necessary credit, collects, deducts his fees and remits the balance to the principal.

1. Kohls, R.L: "Marketing of Agriculture Products",
The Macmillan Company, New York, 1967, p. 28.

2. Ibid., p. 29.

3. Ibid., p. 30.

Viewed against this background a review of the existing channel structure of apple industry of the State depicts that the choice of channels by and large conforms to the channels adopted in the case of agricultural products in the country as a whole. The channel linkage operative in the apple industry takes the following form:

A. Zero-level Channel:

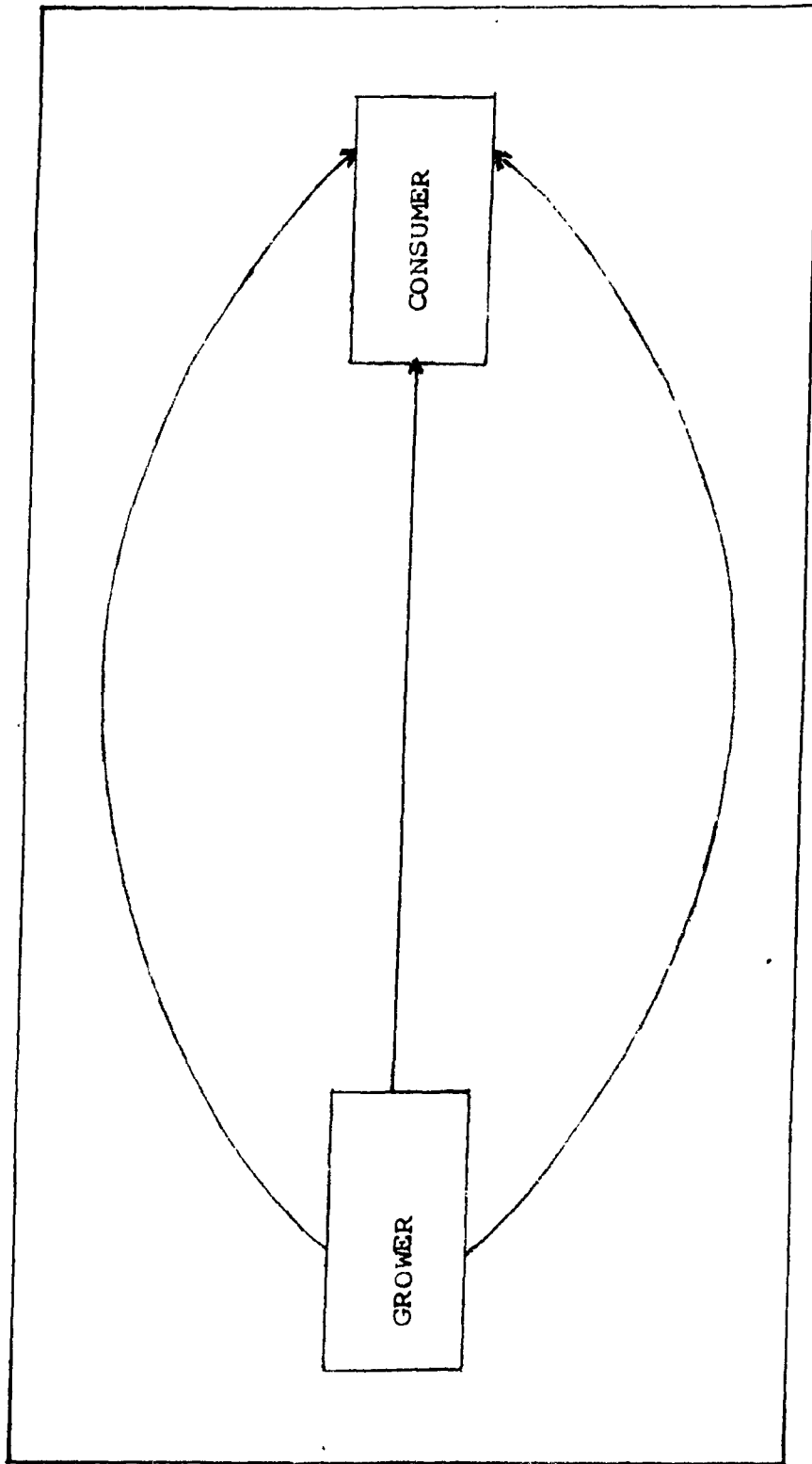
In this type of situation no intermediary exists between growers and consumers. Thus, it can be termed as a case of direct channel. See Figure I.

B. Three-level Channel:

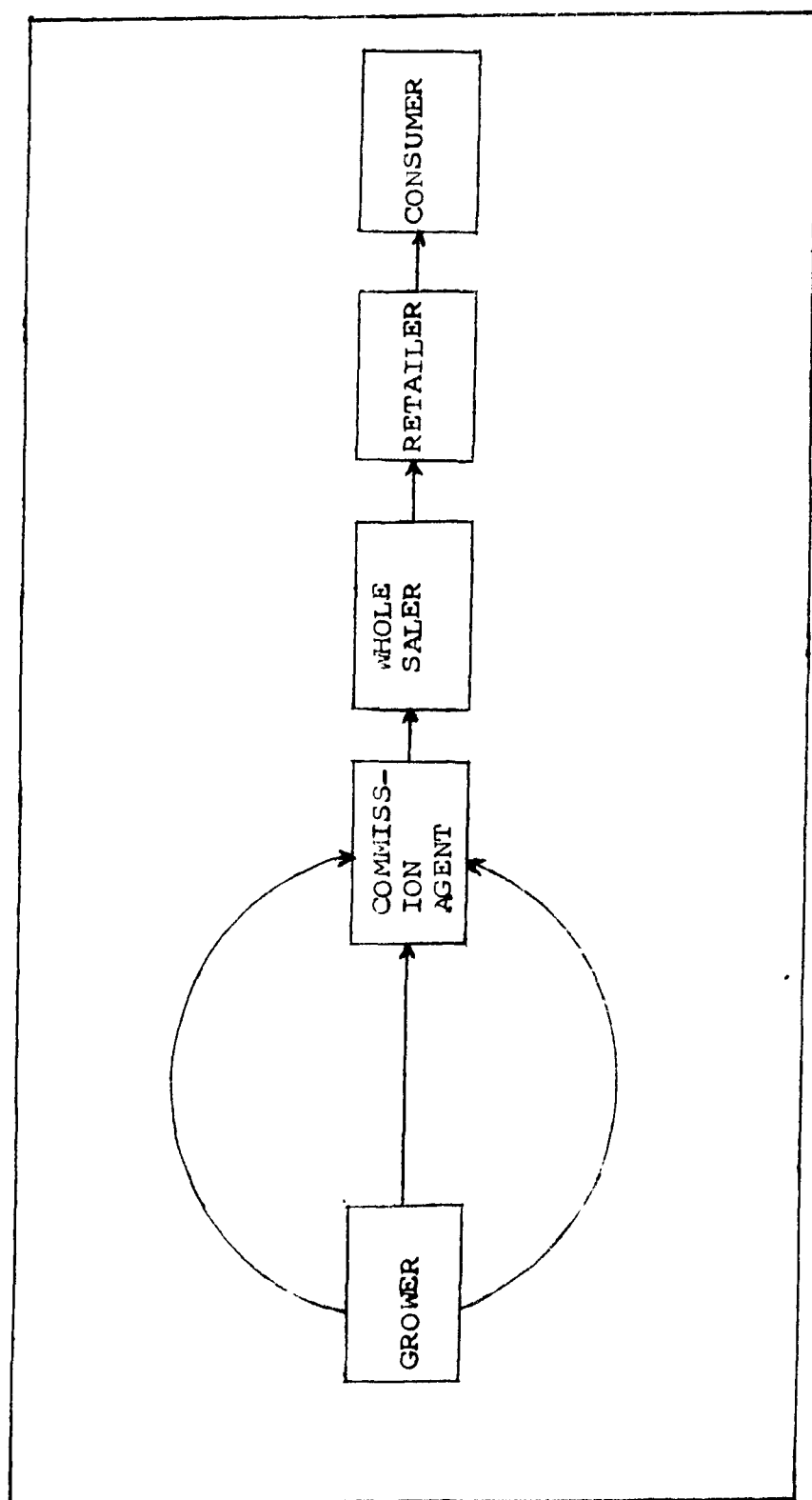
Three-level Channel is a market situation where apart from the growers and the consumer three stages/intermediaries are involved in the distribution process. In apple industry of the State, this type of channel exists in two forms as shown in Figure II & III.

In the alternative channel as shown in the Figure III, the place of commission agents has been taken by JKHPMC while other intermediaries are common in both the situations. It is, therefore, obvious that the role of JKHPMC is not less or more than that of a commission agent.

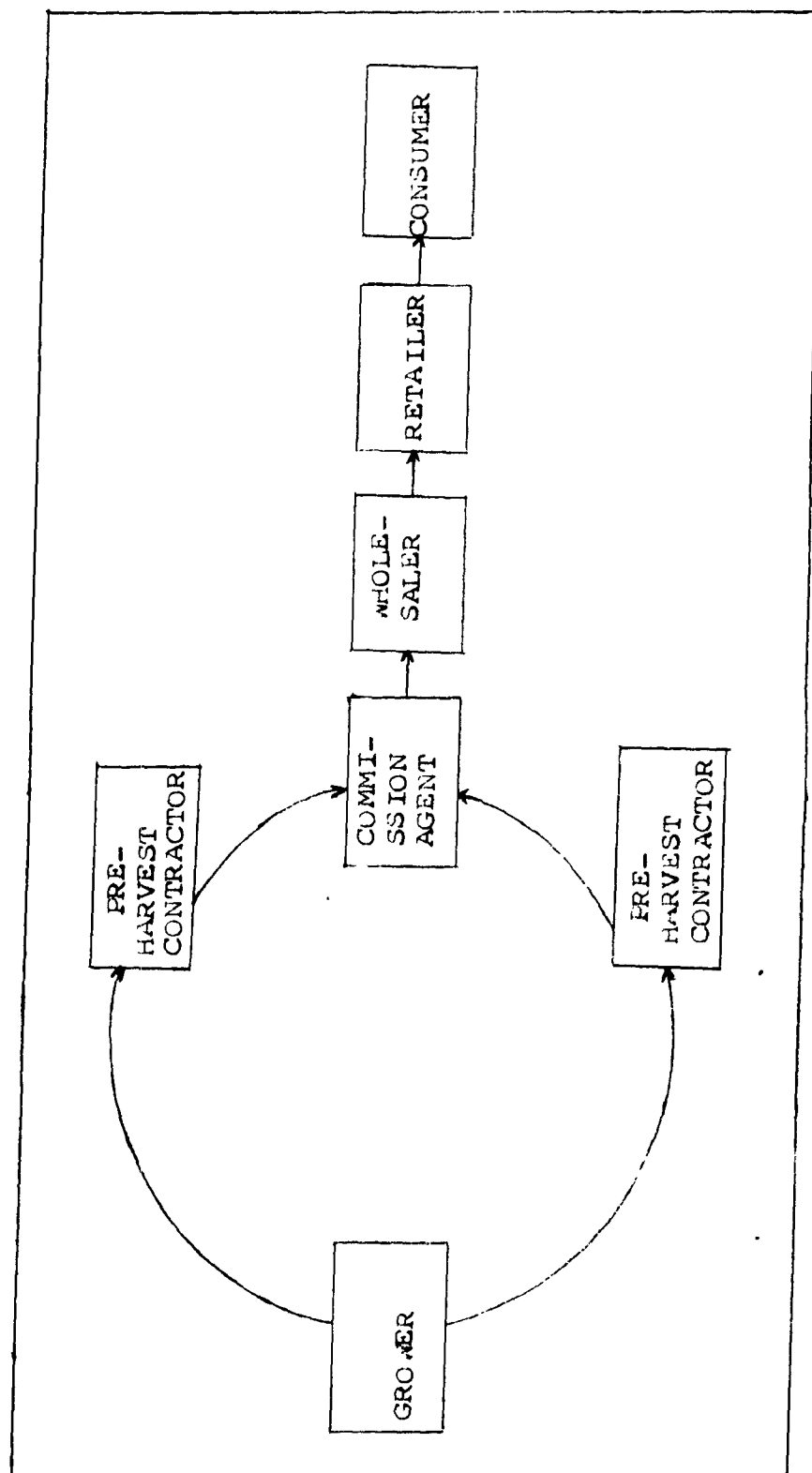
DIRECT CHANNEL FIGURE -I



THREE LEVEL CHANNEL FIGURE -II



FOUR LEVEL CHANNEL FIGURE -III



C. Four-level Channel:

Four level channel operates in the following three forms as shown in Figure IV, V and VI.

It would be seen from the overall channel diagram as shown in Figure VII, that in actual effect this is a case of six tier channel structure from producer to ultimate consumer, with different functionaries playing their specific roles.

Existing Marketing Channels and Their Popularity:

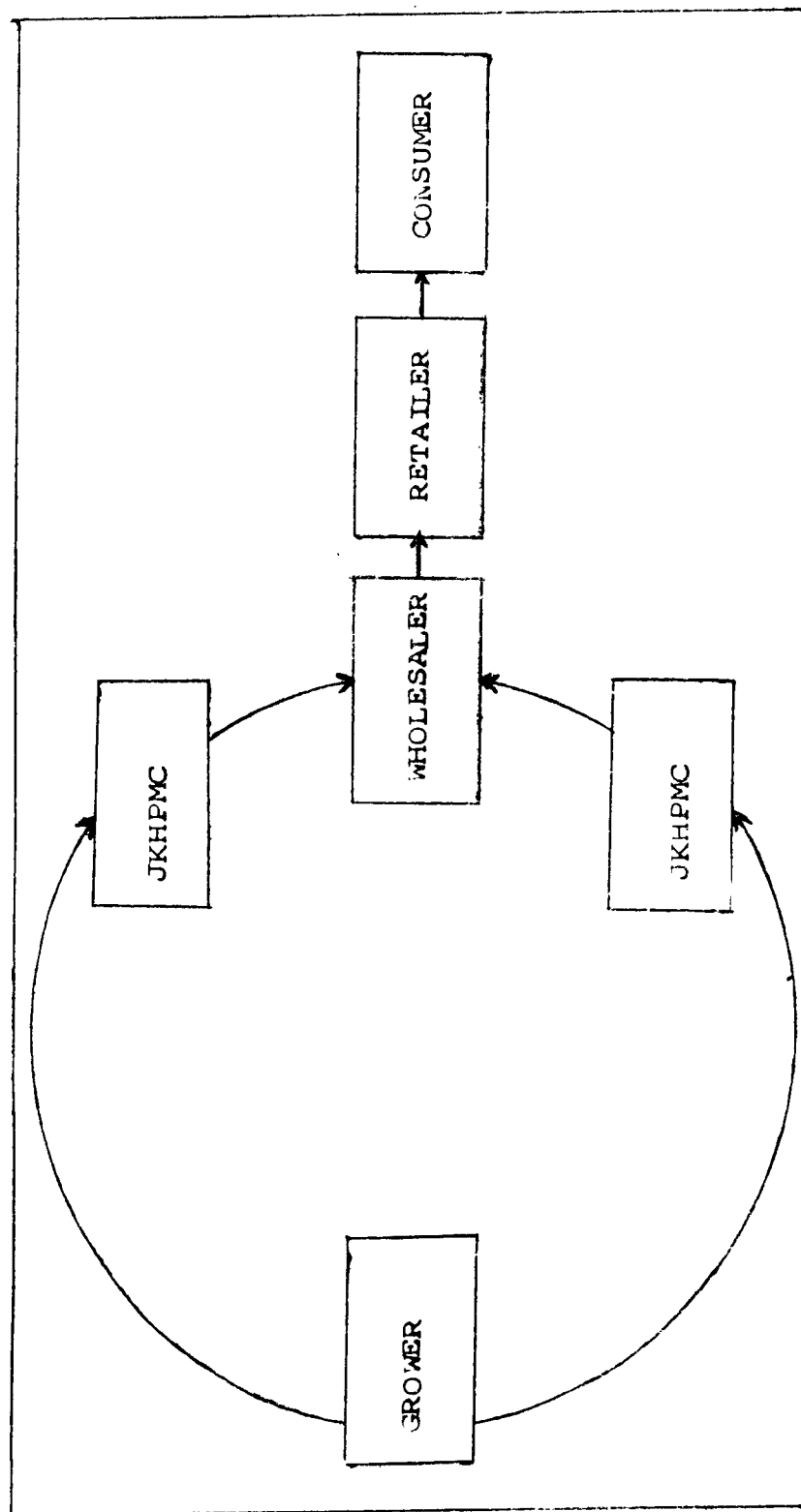
As a matter of fact a broad classification of channels as in vogue in the apple industry can broadly be divided into two heads:

- i. Pre-harvest channel; and
- ii. Post-harvest channel.

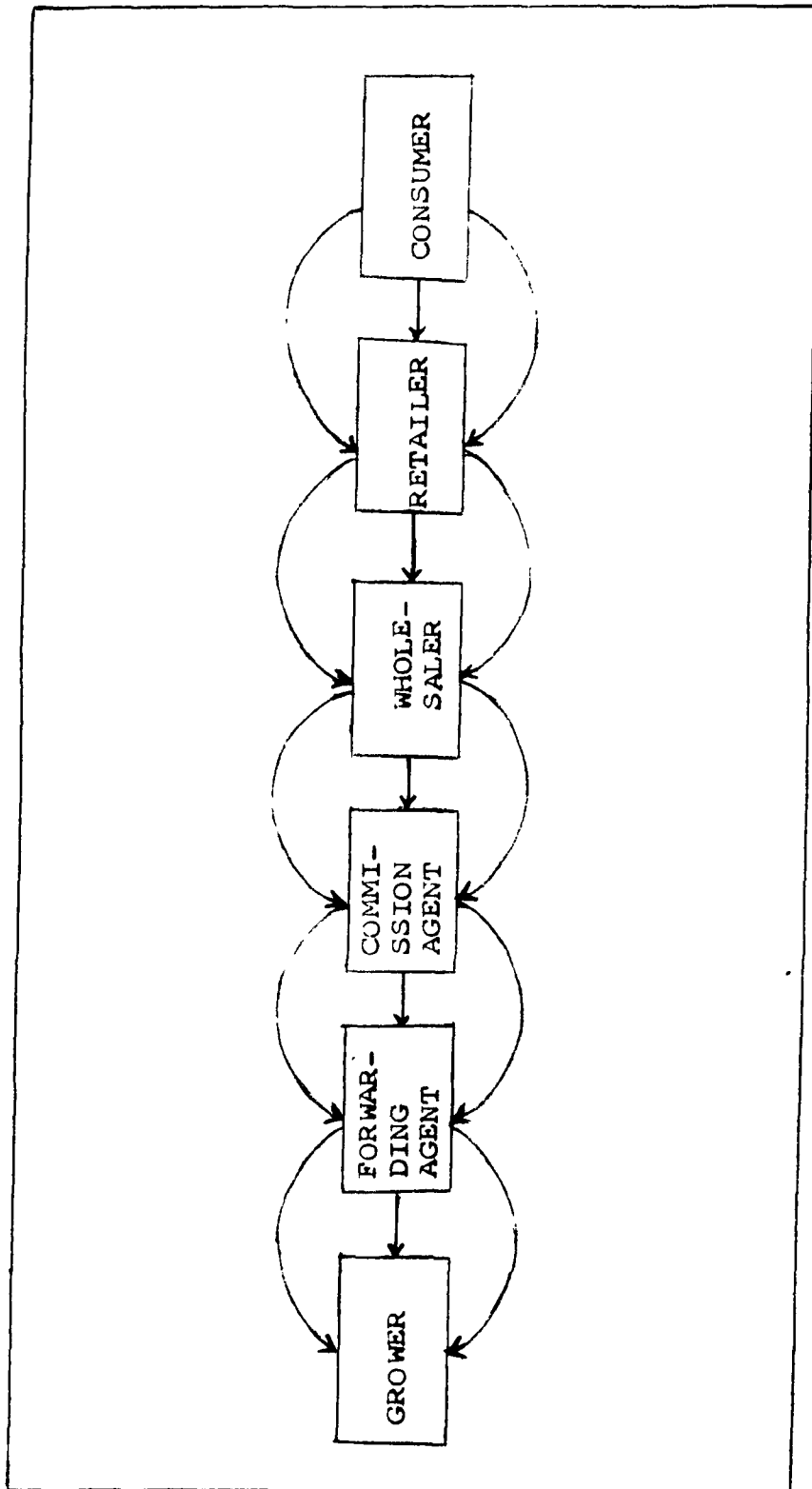
In the case of former only one channel with a linkage of four tiers i.e. Grower, Pre-harvest Contractors, Commission agent, wholesaler, Retailer and Consumer, is included whereas rest of the types are operative in the post-harvest situations.

The empirical results obtained during the course of field investigation conducted by the scholar, clearly show

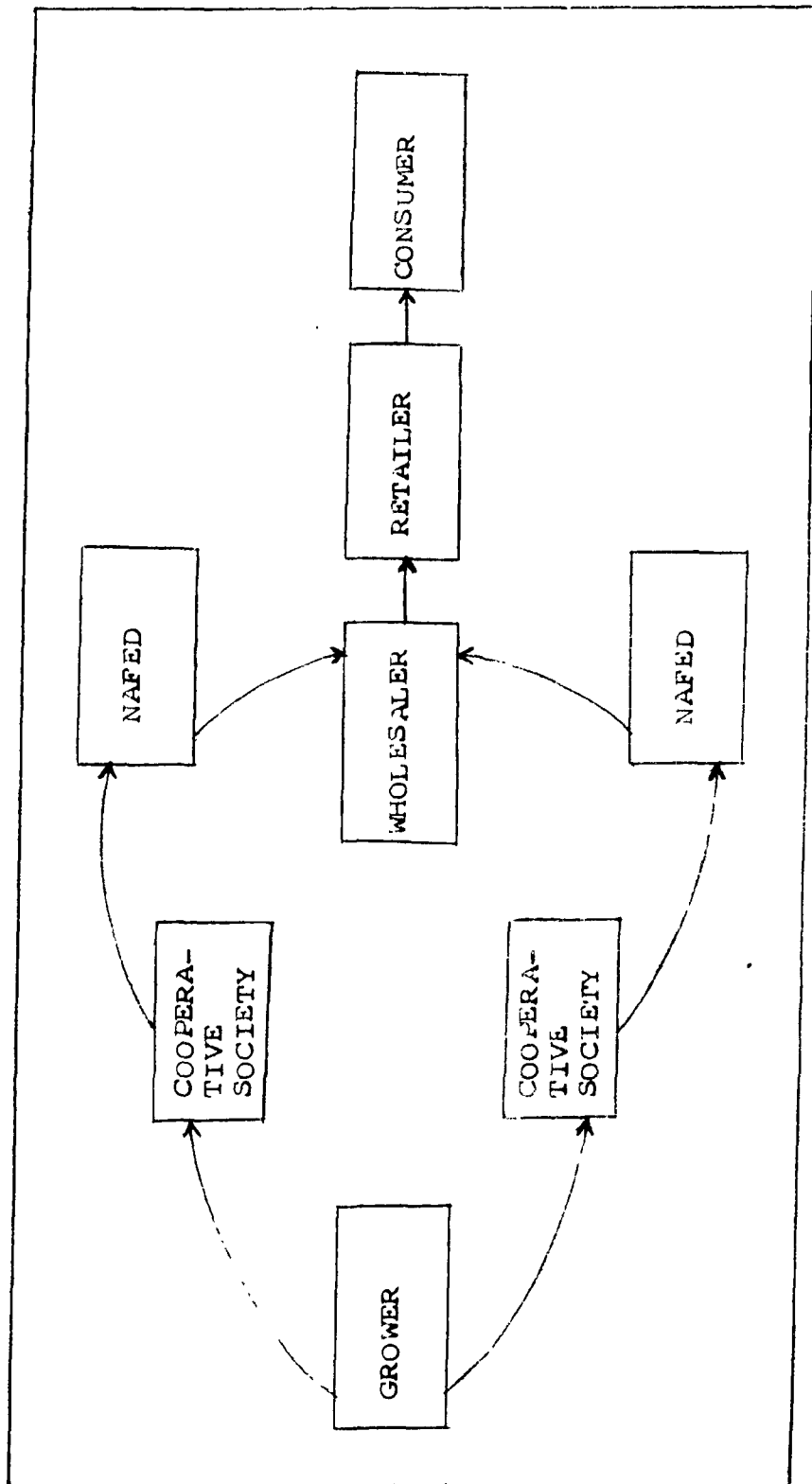
THREE LEVEL CHANNEL FIGURE -IV



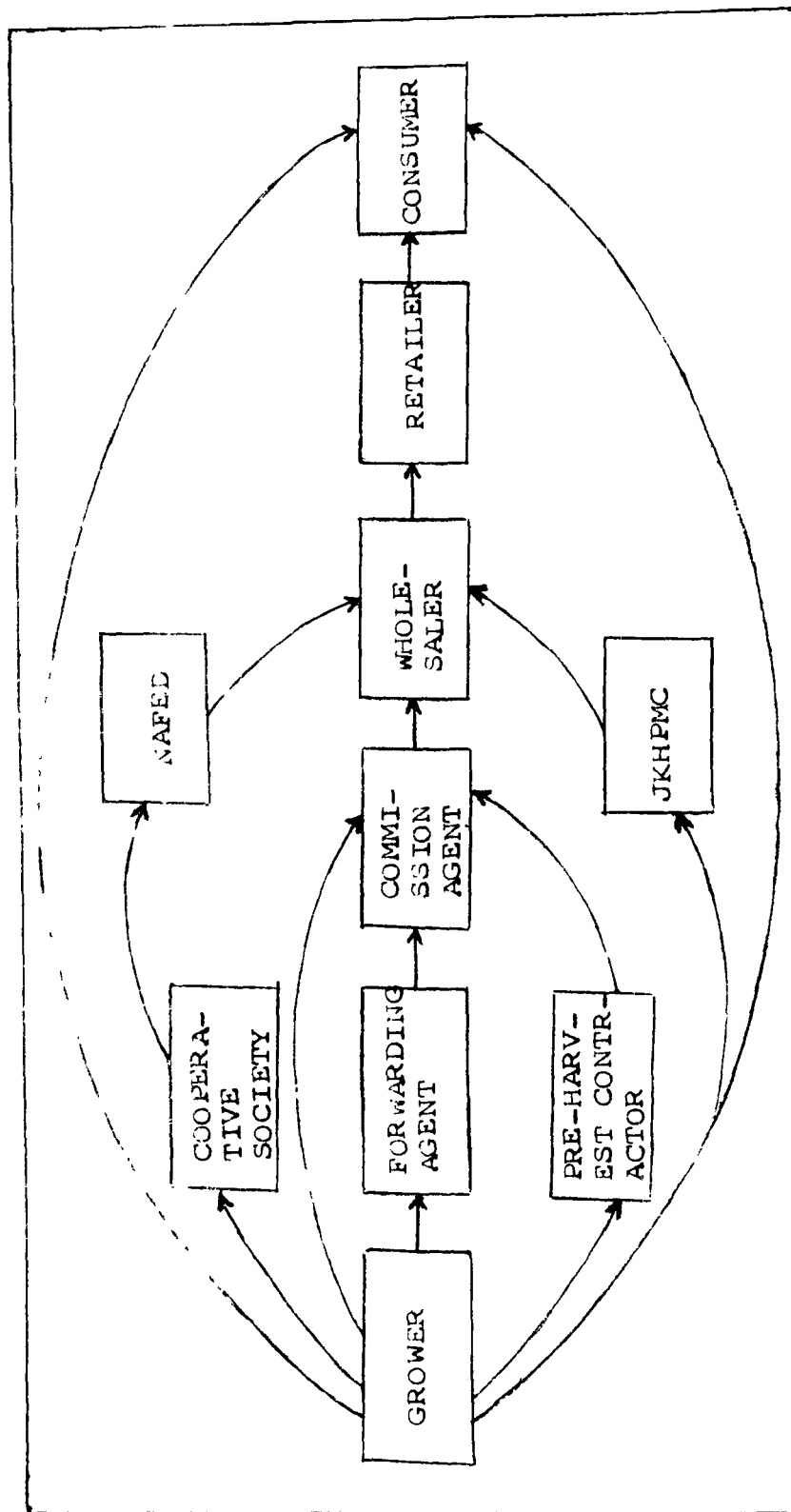
FOUR LEVEL CHANNEL FIGURE -V



FOUR LEVEL CHANNEL FIGURE-VI



OVERALL CHANNEL DESIGN FIGURE - VII



that most common channel adopted by the growers in the State is four level channel as is clear from Table 3.1. The relative importance of each channel for apple growers has been discussed below:

A. Zero-level Channel

1. Direct Channel: In this channel no intermediary exists between grower and consumer. A direct relationship is developed between them. Normally this channel is supposed to be the best and most remunerative one but practically it is the least used. one. Under this channel the sale of apple takes place direct to the consumer like tourists, military personnel, hotels, hospitals, educational institutions etc.

B. Three-level Channel

1. Commission agent's Channel: This is the most common channel used by the joint growers of the State. The empirical study shows that out of the 150 sample orchardists 98 growers constituting 65.33 per cent opt for this channel. Out of these 98 orchardists 28 were small growers, 32 medium and 38 large growers, constituting 28.57 per cent, 32.65 per cent and 38.78 per cent of the total respectively. Under this channel the important marketing activities like

TABLE 3.1

MARKETING OF APPLE THROUGH DIFFERENT CHANNELS
IN J & K

S. No.	Marketing channel	Distribution of Apple by					
		S.G.	Perce- ntage	M.G.	Perce- ntage	L.G.	Perce- ntage
							No. of Orchar- dists (Total)
							% of orchar- dists to the total sample (150)
1.	Commission Agents	28 (48.28)	28.57	32 (66.67)	32.65	38 (86.36)	38.78
2.	JK HPMC	4 (6.90)	50.00	4 (8.33)	50.00	- (-)	8
3.	Forwarding Agents	10 (17.24)	55.56	4 (8.33)	22.22	4 (9.09)	18
4.	Pre-harvest contractors	10 (17.24)	62.50	4 (8.33)	25.00	2 (4.55)	16
5.	Cooperative society	06 (10.34)	60.00	4 (8.34)	40.00	- (-)	10
6.	Direct	- (-)	-	- (-)	-	- (-)	-
7.	Total	58 (100.00)		48 (100.00)		44 (100.00)	150

S.G. = Small growers, M.G. = Marginal growers, L.G. = Large growers

JKHPMC = Jammu & Kashmir Horticulture Produce Marketing and Processing Corporation, Srinagar

Source: Constructed by scholar on the basis of primary data.

picking, grading, packing, transportation etc., of the produce to the target market are being performed by the growers. The only marketing activity being performed by the commission agent is the disposal of fruit at the terminal market. The service charges of these commission agents vary from 6 to 8 per cent on gross sale of the produce for the said activity.¹ The investigation further reveals that the commission agents usually sell the fruit to such of the wholesalers as have some kind of mutual understanding with them. Such a practice has an adverse impact on the fruit return as it leads to the filling of fictitious returns commonly known as "watak" income and expenditure statement received by growers from Commission Agents.

ii. JKHPMC Channel: The three level channel involving grower, JKHPMC, wholesaler, retailer, and consumer is comparatively beneficial and economical compared to other available traditional channels. It involves all marketing activities except risk taking. Under this system the corporation, itself picks fruit from the growers orchard which they later on send it to the various terminal markets after proper grading and packing. The grading and packing of fruit is done at the Corporation's modern and mechanical

1. Scholar's discussion with Commission Agents.

centres located at various places shown in the appendix 'G'. The sale of the fruit to the wholesalers at Delhi takes place at its own sales centre while in case of other terminal markets the fruit is sold through commission agents in the presence of the officers namely Area Marketing Officers of the Corporation. For rendering this service the Corporation charges Re 1.00 and Re 0.50 respectively. The grading and packing charges are Rs 2.00 per box in addition to cost of material consumed in packing. Over and above this the Corporation deducts 4 per cent on gross returns to the grower by way of its commission.

The sample results show that 8 orchardists out of 150 constituting 5.33 per cent of the sample, adopt this channel. Of the 8 orchardists the number of medium and small orchardists is just equal. It is sad to note that majority of the orchardists have not been able to take advantage of this channel. This is obviously the result of their ignorance about the existing facilities. Hence, the Corporation need to launch a vigorous publicity campaign so that the growers know about such facilities. This should also be supplemented by providing adequate financial assistance to the needy growers at the time of harvest so as to check them falling into the clutches of commission agents.

C. Four-level Channels

i. Pre-harvest Contractor Channel: PHC's channel with the linkage of grower, pre-harvest contractor, commission agent, wholesaler, retailer and consumer, is commonly found in case of medium and small growers of the State. Under this method the orchard is given on a contract for a specific period which is normally of two years to the contractors. Under this arrangement the contractors themselves assume the responsibility of looking after the orchard and its produce. The terms and conditions for contract vary from orchardist to orchardist. The contract is executed well before the blossoming time. It can even be executed any time before the riping of the fruit. However, the general practice is that the agreements are drawn between the concerned parties at the time of blossom. In this manner the marketing risks are shifted from growers to the pre-harvest contractors. The growers feel safe even in the adverse conditions resulting in the loss to the contractors.

According to the survey results conducted by the scholar, it has been noticed that as many as 16 orchardists constituting 10.67 per cent of the total opt for this channel out of a sample of 150. Of this 16 orchardists, the number of small, medium and large growers, stood at 10, 4 and 2 forming 62.50 per cent, 25 per cent and 12.50 per cent respectively.

Despite the fact that the pre-harvest contract system has some advantages, the fact remains that system on the whole has proved detrimental to the interest of the growers in more than one way. Under the system the advance payments made to the orchardists prove as an intoxicant under the influence of which the growers hardly care to know the real worth of their produce or even if they do, they just do not bother to bargain. Therefore, the system has resulted in reducing the bargaining power of the grower under the allurements of advance payment and in the face of organised resistance offered by the contractors. It has also been seen that by working out this arrangement with the growers, bulk of whom consists of medium and small growers, the contractors more often than not get their produce at comparatively lower rates. Even the advance money is not made available to them in lumpsum but in instalments. The distressing part of the situation is that these contractors fail to keep their promise under situations of depressed market conditions. The growers consequently have to be contended even in the absence of recovering the outstanding instalments. Last but not the least drawback with the system is that maintenance of the orchards is neglected as the contractors are mainly concerned with the current year produce to the neglect of its future prospectus.

Most of the defects of the pre-harvest contract system can be minimised by checking the malpractices of the contractors through an effective contract deed, enforceable by the law of land in the event of any default on their part. The provisions of agreement can be made specific and stringent. At the same time the medium and small growers are to be properly educated and informed about their rights as well as the defects arising out of the pre-harvest contract system. There is also urgent need to organise them so that their bargaining power is enhanced through a collective approach. The Government agencies have a positive role to play in this behalf.

ii. Forwarding Agent's Channel: Another fact of four level channel which links the growers with the consumer involving forwarding agent, commission agent, wholesaler, and retailer has been found to be the next important route after the commission agent's channel. Table 3.1 reveals that 12 per cent of the orchardists sold their produce through this system. Out of 8 orchardists forming 12 per cent of the sample, the number of medium and small growers was just equal. No large grower was found using this channel in the sample survey conducted by the scholar.

Under this system the forwarding agents perform the role of an intermediary between the grower and the commission agents at export marketing centres. These forwarding agents are charged with the responsibility of maintaining accounts between the grower and the commission agents. "Wataks" are also received by the growers from the commission agents through the forwarding agents. The normal activities of a forwarding agent is to arrange for the transportation of fruit and to pay octrio, loading charges and taxes levied on the fruit. Presently Rs 2.37 per standard box of apple are charged by these agents from the growers for such facilities. It has also been observed that in certain cases the forwarding agents emerge as financiers and advance loans to the growers on high rate of commission.

The system of routing fruit through forwarding agents has found favour with the growers. This is so because it provides some of the important facilities to the growers in the form of provision of finance, transportation etc. Naturally the growers are saved from a lot of botheration and are in a better position to look after their orchards efficiently and effectively such as facility is absent under the leasing out system to the pre-harvest contractors. Once the fruit is sold through the commission agents at the terminal market, the grower is provided with sort of a income and expenditure statement technically known as 'watak'.

However, the system suffers from certain inherent defects. To overcome the same another form of routing the fruit from growers to consumer viz. cooperative society is also widely practised by the producers/growers.

iii. Cooperative Society Channel: Cooperative Society is the third form of four level channel system. Under this arrangement as many as four intermediaries are involved and the linkage is formed as under:

Grower - Cooperative Society - NAFED - wholesaler - Retailer
- Consumer

This linkage eliminates two main intermediaries viz. commission agent and forwarding agent, whose role is taken by Cooperative Society and NAFED, in an effective and better manner. In the absence of forwarding, and commission agents, this channel has gained more popularity. This fact is further collaborated by Table 3.1 which exhibits that out of 150 sample orchardists, 10 orchardists constituting 6.67 per cent of the total dispose off their produce through these societies. Out of 10 orchardists, the number of medium and small growers are 4 and 6 forming a percentage of 40 and 60 respectively. No large grower was found in the sample using this channel for disposal of fruit.

A distinct advantage with cooperative society is that they charge comparatively a lower rate of commission usually

Rs 1.50 per box, whereas the NAFED charges 3.5 per cent of gross sales as commission at terminal markets. But it is unfortunate to find that with all these facilities growers have failed to take benefit of these facilities.

From the above discussion it can safely be concluded that fruit growers have a variety of channels at their disposal for routing their produce. Each having its own merits and demerits with varying cost components. Whichever channel the grower might adopt fails to give him the due returns. This is because most of the channels involve a number of functionaries who thrive at the cost of the growers. The only channel which could assure good returns to the growers is that of a zero-level channel but unfortunately this is not much in vogue, as the growers are not in a position to handle the market operations all by themselves. Under the circumstances it would be worthwhile to identify a channel or channels that could be less expensive and more remunerative to the growers. Thus next chapter is, therefore, devoted to the discussion of "Net Return Analysis" of various channels open to the growers to identify the share of basic growers out of the consumer every rupee which they pay for the produce in each channel separately.

C H A P T E R -IV

NET RETURN ANALYSIS OF APPLE PRODUCE IN KASHMIR

In the previous chapter, the marketing effectiveness of apple produce in Kashmir with the help of distribution mechanism has been discussed. From this discussion, it has become quite obvious that growers do not get a fair and reasonable price for their produce when they sell it through various distribution channels except direct channel. But the direct channel as pointed out earlier is not much in vogue due to various difficulties, such as, long distances to the markets, bad roads, poor financial position of growers paucity of transport and other infrastructural facilities. Consequently due to non-realisation of the due and proper returns for their apple produce, the growers are not satisfied with the more prevalent distribution channels which exist at present in the Jammu and Kashmir State. It has been found that a final consumer pays a most reasonable price for the produce but the basic growers realise a nominal price. In practice it is the long chain of superfluous middlemen who swallow a good portion of the price paid by the final consumer. As such this chapter is devoted to analyse the net returns of

the growers from the consumers price. A study of the price spread and marketing efficiency will help us to determine the exact share of the apple growers from every rupee spent by the consumers.

PRICE SPREAD ANALYSIS

The price-spread usually refers to the difference between the price paid by the consumer and the price received by the producer for an equivalent amount of farm product. This spread consists of marketing costs and margins of intermediaries. Thus it is a device which indicates how much actually is received by the producer out of every rupee that is spent by the consumer and what portion goes into the pockets of intermediaries. In the midst of diversity of marketing functionaries, it has been observed that all that is spent by the consumer does not find its way into the producer's pocket. In fact a sizeable proportion of the consumers price is swallowed by the intermediaries performing a variety of functions and services involved in the marketing process of apple. As the produce moves from the producer to the ultimate consumer, it involves

some costs which are charged by different marketing agencies for their services which they have rendered during the process of marketing and all such costs are termed as marketing charges. These marketing charges include costs of assembling, standardizing, grading, sorting, transporting, processing, wholesaling, retailing and the margins of the marketing functionaries and intermediaries. They also include taxes etc.

Efficiency of different marketing functions mainly influence these margins and inturn influences the returns to the orchardists on the one hand and cost to the consumer on the other. In order to increase the operational efficiency and to minimise costs, a look into the nature and extent of marketing margins, costs and price spread is essential.

In the analysis that follows an attempt has been made to find out the share of the actual producer of apple and those of the intermediaries involved in the distribution system of apple from growers to the consumers' market. In this context the scholar has choosen only one market namely Delhi because 80 per cent of the State's

apple production is supplied over to Delhi market. From where it is taken to different markets of India.¹

The growers market their apple produce through different channels as have already been discussed in the previous chapter. However, for the better understanding of the Net Return Analysis, it is necessary to have a second look at all these different channels as indicated hereunder:

1. Grower Consumer
2. Grower Commission Agent..... Wholesaler.....
Retailer..... Consumer
3. Grower..... JKHPMC Wholesaler..... Retailer.....
Consumer.
4. Grower Pre-harvest Contractor Commission
Agent Wholesaler Retailer Consumer.
5. Grower Cooperative Societies NAFED.....
Wholesaler Retailer.
6. Grower Forwarding Agent Commission Agent,.....
Wholesaler Retailer Consumer.

1. Sikha, B.K. & Nanda, C.S., "Report on Marketing of Kashmir Apples", Agro-Economic Research Centre, Himachal Pradesh University, March 1989, pp. 34-35.

PRICE SPREAD UNDER DIFFERENT CHANNELS

The details of marketing cost incurred and profit margins obtained by various market intermediaries are presented in Table 4.1.

Price Spread in Channel-I:

Table 4.1 reveals that while routing fruit through this channel the growers net receipt of the consumer's rupee in 1983-84 was 61.79 per cent whereas 38.21 per cent was spent on marketing operation expenses. However, in 1988-89 the grower's net receipt from the consumer's rupee was 60.53 per cent amounting to a decrease of 1.26 per cent in the grower's net receipt. The decrease in net receipt is due to the 1.26 per cent increase in grower's operational expenses in 1988-89 as compared to 1983-84. Further, there is no wastage of consumer's rupee in the shape of retailer's or wholesaler's margins which inflate costs and deflate the grower's net share out of the consumer's rupee.

Price Spread in Channel-II:

In this channel the grower's net receipt of the consumer's rupee in 1988-89 is 37.28 per cent as compared

TABLE 4.1

PRICE SPREAD IN MARKETING OF APPLES IN KASHMIR DURING 1983-84
& 1988-89 THROUGH DIRECT CHANNEL
 (CHANNEL-I)

		(Per Standard Box)			
S. No.	Items	1983-84		1988-89	
		Cost (Rs)	% of each rupee of consumer	Cost (Rs)	% of each rupee of consumer
1.	Price paid by the consumer	61.00	100.00	72.00	100.00
2.	Expenses of the retailer	-	-	-	-
3.	Margin of the retailer	-	-	-	-
4.	Price paid by the retailer	-	-	-	-
5.	Expenses of wholesaler	-	-	-	-
6.	Margin of wholesaler	-	-	-	-
7.	Price paid by the wholesaler	-	-	-	-
8.	Marketing Expenses Incurred by the Grower	23.31	38.21	28.42	39.45
9.	Net Price received by the Grower	37.69	61.79	43.58	60.53

Source: Constructed on the basis of information collected through interviews, market investigation and from official records of Directorate of Horticulture Planning and Marketing, Srinagar.

TABLE 4.2

PRICE SPREAD IN MARKETING OF APPLES IN KASHMIR DURING 1983-84
AND 1988-89 THROUGH COMMISSION AGENT
(CHANNEL-II)

(Price Standard Box)					
S. No.	Particulars	1983-84		1988-89	
		Cost (Rs)	% of each rupee of consumer	Cost (Rs)	% of each rupee of consumer
1.	Price paid by the consumer	71.81	100.00	87.50	100.00
2.	Expenses of the retailer	3.63	4.99	4.12	4.71
3.	Margin of the retailer	7.93	10.89	8.21	9.38
4.	Price paid by the retailer	61.25	-	75.17	-
5.	Expenses of the wholesaler	3.10	4.26	3.90	4.46
6.	Margin of the wholesaler	8.10	11.12	8.85	10.11
7.	Price paid by the wholesaler	50.05	-	62.42	-
8.	Marketing expenses paid by the grower	27.23	37.40	29.80	34.06
9.	Net price received by the grower	22.82	31.34	37.28	44.32

Source: Compiled on the basis of Information collected through questionnaire and by the courtesy of Directorate of Horticulture, Planning and Marketing, Government of Jammu and Kashmir, Srinagar.

to 31.34 per cent in 1983-84 which shows an increase in grower's net receipt by 5.94 per cent over the period under study. The expenses and margins of the intermediaries were 46.65 per cent and 22.01 per cent respectively of the consumer's rupee in 1983-84, whereas in 1988-89 the same was 43.23 per cent and 19.49 per cent registering a decrease of 3.42 per cent in intermediaries expenses and 2.52 per cent in their margins. The costs incurred by retailer's were slightly higher than the cost incurred by wholesalers in this channel in both the periods. However, the wholesaler's margins was higher as compared to retailer's margin.

Price Spread in Channel-III:

Table 4.3 shows that the net share of the growers in the consumer's rupee was 44.32 per cent in 1983-84 which has increased to 54.51 per cent of the consumer's rupee in 1988-89. It refers to the fact that 55.63 per cent and 45.49 per cent of the consumer's rupee has been consumed by the intermediaries in the shape of margins and costs and grower's marketing costs in 1983-84 and 1988-89 respectively as shown in the table. The share of grower's expenses were 29.63 per cent and 29.57 per cent

TABLE 4.3

PRICE SPREAD IN MARKETING OF APPLES IN KASHMIR DURING 1983-84
AND 1988-89 THROUGH JKHPMC
(CHANNEL-III)

		(Per Standard Box)			
S. No.	Items	1983-84		1988-89	
		Cost (Rs)	% of each rupee of consumer	Cost (Rs)	% of each rupee of consumer
1.	Price paid by the consumer	87.37	100.00	94.70	100.00
2.	Expenses of the retailer	3.63	4.15	4.12	4.35
3.	Margin of retailer	7.93	9.08	8.21	8.68
4.	Price paid by the retailer	61.25	-	82.37	-
5.	Expenses of the wholesaler	3.10	3.55	3.90	4.12
6.	Margin of the wholesaler	8.10	9.27	9.85	9.34
7.	Price paid by the wholesaler	50.05	-	68.62	-
8.	Marketing expenses paid by the grower	25.89	29.63	28.00	29.57
9.	Net price received by the grower	38.72	44.32	51.62	54.51

Source: Constructed from the Information collected through market investigation and office records of Jammu and Kashmir Marketing and Processing Corporation Ltd. (JKHPMC), Srinagar.

in 1983-84 and 1988-89 respectively in the consumer's rupee which was 7.77 per cent and 4.49 per cent respectively less than the said cost in Channel-II in two periods under study. The wholesaler's margin was found in excess by 0.19 per cent and 0.66 per cent in period I and II respectively of the consumer's rupee than the retailer's margin in this channel which shows the dominating power of wholesaler in the distribution system.

Price Spread in Channel-IV:

In pre-harvest contract system, the net share of the consumer's rupee in 1988-89 was about 33.54 per cent which was more by 5.48 per cent when compared with the results of 1983-84 where it was just 28.06 per cent of the consumer's rupee. Table 4.4 reflects that 71.94 per cent and 66.46 per cent in 1983-84 and 1988-89 respectively of the consumer's rupee has been shared by the intermediaries in the shape of margins and costs including grower's marketing expenses which amount to 40.68 per cent and 37.79 per cent of the consumer's rupee in the two periods. The percentage of wholesaler's

TABLE 4.4

PRICE SPREAD IN MARKETING OF APPLES IN KASHMIR DURING 1983-84
AND 1988-89 THROUGH PRE-HARVEST CONTRACTOR'S
CHANNEL (CHANNEL-IV)

(Per Standard Box)					
S. No.	Items	1983-84		1988-89	
		Cost (Rs)	% of each rupee of consumer	Cost (Rs)	% of each rupee of consumer
1.	Price paid by the consumer	72.81	100.00	87.50	100.00
2.	Expenses of the retailer	3.63	4.99	4.12	4.71
3.	Margin of the retailer	7.93	11.89	8.21	9.38
4.	Price paid by the retailer	61.25	-	75.17	-
5.	Expenses of the wholesaler	3.10	4.26	3.20	4.46
6.	Margin of the wholesaler	8.10	11.12	8.85	10.12
7.	Price paid by the wholesaler	50.05	-	63.12	-
8.	Marketing expenses incurred by the grower	29.62	40.68	33.07	37.79
9.	Net price received by the grower	20.43	28.08	29.35	33.54

Source: Compiled from the information collected from fruit growers, traders through interviews and market investigation.

margin in the consumer's rupee was more by 0.23 and 0.73 in 1983-84 and 1988-89 respectively over the retailer's margin in this particular channel.

Price Spread in Channel-V:

From Table 4.5, it is seen that the grower's net receipt of the consumer's rupee has increased by 3.99 per cent over the period under study as it was worked out 31.44 per cent in 1982-83 and 35.43 per cent in 1988-89. The marketing costs and margins of the intermediaries including grower's marketing expenses were estimated 68.56 per cent and 64.57 per cent in 1983-84 and 1988-89 respectively of the consumer's rupee which resulted in the increase in the net share of the growers by 3.99 per cent of the consumer's rupee. The grower's marketing expenses shows a decrease by 1.39 per cent of the consumer's rupee over the period under study which has equally contributed to the increase in the grower's share of the consumer's rupee. The wholesaler's margin was estimated at 0.23 per cent and 0.73 per cent in first and second period respectively in excess of retailer's margin in the consumer's rupee.

TABLE 4.5

PRICE SPREAD IN MARKETING OF APPLES OF KASHMIR DURING 1983-84
AND 1988-89 THROUGH COOPERATIVE SOCIETIES CHANNEL
(CHANNEL-V)

(Per Standard Box)					
S. No.	Items	Cost (Rs)	% of each rupee of consumer	Cost (Rs)	% of each rupee of consumer
1.	Price paid by the consumer	72.81	100.00	87.50	100.00
2.	Expenses of the retailer	3.63	4.99	4.12	4.70
3.	Margin of the retailer	7.93	10.89	8.21	9.38
4.	Price paid by the retailer	61.25	-	75.17	-
5.	Expenses of the wholesaler	3.10	4.26	3.90	4.46
6.	Margin of the wholesaler	8.10	11.12	8.85	10.12
7.	Price paid by the wholesaler	50.05	-	62.42	-
8.	Marketing expenses incurred by the grower	27.16	37.30	31.42	35.91
9.	Net price received by the grower	22.89	31.44	31.00	35.43

Source: Constructed from the information collected from growers, traders, cooperative marketing societies and Directorate of Horticulture (P & M), Srinagar.

Price Spread in Channel-VI:

The results in Table 4.6 show that in this channel like other channels the net grower's receipt of the consumer's rupee has increased in period second as it was 28.07 per cent in 1983-84 and 34.90 per cent in 1988-89 of the consumer's rupee. Accordingly, marketing costs and margins of intermediaries including grower's marketing costs account for 71.91 per cent and 65.10 per cent of the consumer's rupee in 1983-84 and 1988-89 respectively. Further, in this channel, the grower's marketing expenses reduced from 40.65 per cent to 37.82 per cent of the consumer's rupee over the two periods under study resulting in the increase in the grower's net receipt by 2.83 per cent of the consumer's rupee. The wholesaler's margin and retailer's margin shows a decrease by 0.01 per cent and 1.51 per cent of the consumer's rupee over the two periods. However, in both the periods the wholesaler's margin was higher as compared to retailer's margin.

COMPARATIVE ANALYSIS OVERALL APPRAISAL

From the major findings outlined in the preceding pages, it is evident that retailer's and wholesaler's

TABLE 4.6

PRICE SPREAD IN MARKETING OF APPLES IN KASHMIR DURING 1983-84
AND 1988-89 THROUGH FORWARDING AGENT'S CHANNEL
 (CHANNEL-VI)

(Per Standard Box)					
S. No.	Items	Cost (Rs)	% of each rupee of consumer	Cost (Rs)	% of each rupee of consumer
1.	Price paid by the consumer	72.81	100.00	87.50	100.00
2.	Expenses of the retailer	3.63	4.99	4.63	4.15
3.	Margin of the retailer	7.93	10.89	8.21	9.38
4.	Price paid by the retailer	61.25	-	74.66	-
5.	Expenses of the wholesaler	3.10	4.26	3.10	3.54
6.	Margin of the wholesaler	8.10	11.12	8.85	10.12
7.	Price paid by the wholesaler	50.05	-	62.71	-
8.	Marketing expenses by the grower	29.60	40.65	33.09	37.82
9.	Net price received by the grower	20.45	28.09	30.62	34.99

Source: Compiled from the information collected from fruit growers/traders through interviews and market investigation.

enjoy equal margins in both periods under study in all channels barring channel-III. In this channel the margin of wholesaler and retailer is less by 1.85 per cent and 1.81 per cent respectively in 1983-84 and 0.77 per cent and 0.70 per cent respectively in 1988-89. The other part of the analysis reveals that both wholesaler and retailer margins have decreased by 1.01 per cent and 1.51 per cent respectively of the consumer's rupee over the period under study in all channels except channel-III where wholesaler's margin increased by 0.07 per cent of the consumer's rupee and retailer's margin decreased by 0.40 per cent of the consumer's rupee over the period. Another interesting feature to note is that the wholesaler's have an upper hand over the retailers in all the channels except channel-I where their impact is absent. In rest of the five channels wholesalers' margin are greater and costs lesser when compared to those of the retailers in both the periods. It, therefore, proves that wholesalers enjoy relatively larger proportion of margin in the consumer's rupee as compared to the retailers. The margin of wholesalers is greater by 0.19 per cent in case of channel-III and 0.23 per cent in case of other channels except channel-I in 1983-84 whereas in 1988-89 the same was 0.66 per cent in

channel-III and 0.73 per cent in rest of the channels. By adopting the channel-III, it is further evident that the wholesaler's expenses are less by 0.60 per cent and 0.23 per cent in 1983-84 and 1988-89 respectively which otherwise accounts for 0.73 per cent and 0.25 per cent respectively in other channels.

Generally speaking grower's marketing expenses are on the whole higher in all channels. There costs vary from 29.63 to 40.68 per cent of the consumer's rupee in the operating channels in 1983-84 whereas in 1988-89 the same costs vary from 29.57 to 39.47 per cent of the consumer's rupee. The cumulative effect of all these factors has resulted in the reduction of grower's net receipts.

The above findings lend support to the fact that the channel-I (direct) is the remunerative channel as compared to other channels in general and channel-IV in particular which is the most popular and commonly used channel by the growers. It is only in the direct channel that in price spread the grower gets the higher amount than which is appropriated by all expenses and

intermediaries margins. This channel is followed by channel-III (JKHPMC) which though accounts for larger amount of expenses and margins than the net receipts of producer when compared to channel-I. But it is better than the rest of the channels which account for expenses/ margins more than two times the net receipts by the grower. However, the successful working of channel-I (direct) is practically impossible as there is wide gap between production centres and export markets. To bridge the gap between these two centres (points) number of activities are to be performed which cannot be organised efficiently by a single institution or individual. As a consequence of which channel-V (Cooperative Societies) and channel-III (JKHPMC) has to play a leading role in providing modernised and economical channel to the fruit growers. However, JKHPMC cannot prove an effective institution for this purpose because its maximum decisions are subservant to political issues. Hence, the practical and realistic channel would be cooperative societies. Cooperative Societies alone can provide an effective and remunerative channel provided the ills that fail these societies are removed and allowed to function on their own without pulls and pressures from the government.

TABLE 4.7

PRICE SPREAD IN MARKETING OF KASHMIRI APPLE UNDER DIFFERENT CHANNELS

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S. No.	Particulars	Channel I		Channel II		Channel III		Channel IV		Channel V		Channel VI	
		1983-1984	1988-1989	1983-1984	1988-1989	1983-1984	1988-1989	1983-1984	1988-1989	1983-1984	1988-1989	1983-1984	1988-1989
		(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)
(Per standard box *)													
1. Cost Incurred													
a) Grower		23.31 (38.21)	28.42 (39.45)	27.23 (37.40)	29.80 (34.06)	25.89 (29.63)	28.00 (29.57)	29.62 (40.68)	33.07 (37.79)	27.16 (37.30)	31.42 (35.91)	29.60 (40.65)	33.09 (37.8)
b) Wholesaler		-	-	3.10 (4.26)	3.90 (4.46)	3.10 (3.55)	3.90 (4.12)	3.10 (4.26)	3.20 (4.46)	3.10 (4.26)	3.90 (4.46)	3.10 (4.26)	3.10 (3.54)
c) Retailer		-	-	3.63 (4.99)	4.12 (4.71)	3.63 (4.15)	4.12 (4.35)	3.63 (4.99)	4.12 (4.71)	3.63 (4.99)	4.12 (4.70)	3.63 (4.99)	4.63 (4.15)
Total		23.31 (38.21)	28.42 (39.45)	33.96 (46.65)	37.82 (43.23)	32.62 (37.33)	36.02 (27.48)	36.35 (49.93)	40.39 (49.96)	33.89 (46.55)	39.44 (45.07)	36.33 (49.90)	40.82 (45.5)
2. Intermediaries Margin													
a) Wholesaler		-	-	8.10 (11.12)	8.85 (10.11)	8.10 (9.27)	9.85 (9.34)	8.10 (11.12)	8.85 (10.12)	8.10 (11.12)	8.85 (10.12)	8.10 (11.12)	8.85 (10.1)
b) Retailer		-	-	7.93 (10.89)	8.21 (9.38)	7.93 (9.08)	8.21 (8.68)	7.93 (11.89)	8.21 (9.38)	7.93 (10.89)	8.21 (9.38)	7.93 (10.89)	8.21 (9.38)
Total		-	-	16.03 (22.01)	17.06 (19.49)	16.03 (18.35)	18.06 (18.02)	16.03 (23.01)	17.06 (19.50)	16.03 (22.01)	17.06 (19.50)	16.03 (22.01)	17.06 (19.5)
3. Net price received by growers		37.69 (61.79)	43.58 (60.53)	22.82 (31.84)	3.62 (37.28)	38.72 (44.32)	51.62 (54.51)	20.43 (28.08)	29.35 (33.54)	22.89 (31.44)	31.00 (35.43)	20.45 (28.09)	30.62 (34.9)
4. Consumers' price		(61.00) (100.00)	(72.00) (100.00)	(72.81) (100.00)	(87.50) (100.00)	(87.37) (100.00)	94.70 (100.00)	72.81 (100.00)	87.50 (100.00)	72.81 (100.00)	87.50 (100.00)	72.81 (100.00)	87.50 (100.00)

* Standard box = kgs. Note: Figures in parentheses indicate percentage in the each rupee of the consumer.

Source: Compiled by the scholar on the basis of primary data.

MARKETING EFFICIENCY

Marketing efficiency is a concept which ensures maximum productivity with minimum marketing inputs. Normally a system is declared efficient in marketing which provides maximum returns to the producer. However, in today's consumer oriented economy an efficient marketing system would be one that offers maximum returns to the producers supported by efficient services to the consumers. Accordingly the concept of operational efficiency forms a part of the marketing efficiency. Various attempts have been made from time to time to formulate ideal system for the evaluation of channel efficiency. However, most of the systems cannot be used for present study because of perishable nature of the product. Therefore, in view of the perishability of the product under study, Shepherd's Model¹ have been used to examine the marketing efficiency of the apple distribution system.

$$M.E = V/T - 1$$

where, M.E = Marketing Efficiency

T = Total cost of marketing

V = Value of the produce sold (consumer's rupee)

1. Shepherd, G.S., "Marketing Farm Products - Economic Analysis", Towas State University Press, Amas, Towa, U.S.A., 1965, p. 254.

According to Shepherd the ratio of total value of goods marketed to the marketing cost is used as a measuring efficiency. The higher the ratio, the higher the efficiency and vice-versa.

While applying the Shepherd's Model to the value of produce (V) and marketing cost (I) during 1982-83 and 1988-89 under different channels, the following conclusions have been drawn. As shown in Table 4.8, the marketing efficiency is much higher in channel-I (direct) followed by channel-III (JKHPMC) and channel-II (Commission agents) with an efficiency of 0.75 and 0.59 respectively during 1988-89. The marketing efficiency in case of channel-VI (Forwarding Agent) and channel-IV (Pre-harvest Contractors) has registered a lower efficiency as compared to other channels of this trade. It is evident by the fact that it is four level channel and involves a long chain of intermediaries which grab major portion of margins. The most popular channel with growers i.e. channel-II (Commission agent) stands third in the overall efficiency position of the existing channels. The channel-I (direct) which stands first in the

TABLE 4.8

MARKETING EFFICIENCY OF MARKETING CHANNELS OF APPLE PRODUCE

Particulars	(Per Standard Box*)											
	Channel-I		Channel-II		Channel-III		Channel-IV		Channel-V		Channel-VI	
	1983-1984	1988-1989	1983-1984	1988-1989	1983-1984	1988-1989	1983-1984	1988-1989	1983-1984	1988-1989	1983-1984	1988-1989
1. Consumer's rupee (V) value of the produce (Rs) **	61.00	72.00	72.81	87.50	87.37	94.70	72.81	87.50	72.81	72.50	72.81	87.50
2. Marketing cost (I) (Rs) ***	23.31	38.42	49.99	54.88	48.65	54.08	52.38	57.45	49.92	56.50	52.36	57.88
3. Index of Marketing Efficiency (M.E)	1.61	1.53	0.46	0.59	0.80	0.75	0.39	0.52	0.46	0.55	0.39	0.51

* Standard box = 16 kg.

** Value of the produce = Consumer's Price as shown in Table 4.1, 4.1, 4.3, 4.4, 4.5 & 4.6.

*** Marketing Cost = Grower's Expenses + Wholesaler's Expenses + Retailer's Expenses

+ Margin of Intermediaries as shown in Table 4.1, 4.2, 4.3, 4.4, 4.5 and 4.6.

overall efficiency position is not much in vogue on account of practical difficulties faced by it as pointed out earlier. The channel that ranks second in the overall channel position is that of channel-III (JKHPMC) but it is depressing to note that its marketing efficiency has decreased over the years as shown in Table 4.8. The efficiency ratio of JKHPMC channel was 0.80 during 1982-83 and same has decreased to 0.75 during 1988-89. It is, therefore, evident that this channel of apple produce is not advisable to the growers in the near future firstly because its maximum decisions are subject to political issues and secondly its operating expenses are increasing on account of mis-management. The only modernised, economical and remunerative channel to the growers seems to be channel-V (Cooperative Societies). The efficiency ratio of Cooperative Societies channel as shown in table 4.8 was 0.46 in 1982-83 as against 0.55 in 1988-89, registering an increase of about 20 per cent. The efficiency ratio for JKHPMC is 0.80 and 0.75 respectively during the same period registering a decrease of about 10 per cent.

Thus, the overall findings of the table 4.8 can be summed up that cooperative societies can be

presented as a remunerative channel for growers provided the shortcomings that fail these societies are removed in letter and spirit. In fact it has been observed by the scholar that efficiency has never been the criteria for the selection of the channel in this trade but as against age old factors are responsible for the selection of the channel by the growers. The factors which compel the growers to adopt a particular channel as against the remunerative channel or channels will be worthwhile to discuss in the following lines to come.

FACTORS RESPONSIBLE FOR CHOICE OF CHANNEL

The foregoing discussion reveals that commission agents have dominated the apple trade in Jammu and Kashmir State and do not allow the other marketing agencies to enjoy a good share in the marketing of horticulture produce irrespective of the fact that the age old traditional channel viz. commission agent is not a modern and economical as compared to cooperative society.

The selection of a specific channel alternative is normally done on the basis of two main criteria:¹

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1. Dholakia, N., et. al., "Marketing Management Cases and Concepts", The Macmillan Company of India, Delhi, 1978, p. 315.

- a. Cost, and
- b. Controllability

Ordinarily, there is no such sound and solid reasons for the selection of commission agent's channel by the fruit growers of the State. However, the following reasons have been found for the non-adoption of cooperative channel system:¹

- a. Most of the growers do not market their produce through apple marketing cooperative societies because they have no idea of the integration concept and the advantages that would accrue to them through this arrangement. Some of the growers are of the opinion that these societies are not capable to provide the necessary and efficient services to the growers in apple marketing as are provided by the commission traders.
- b. The commission agents extend a particular hospitality to their clients and also provide meals and tea etc., when the growers visit them

1. Scholar's discussion with apple growers of the State.

at even odd hours. They are often provided with boarding and lodging facilities in case they stay on for the night at export marketing centres. Such facilities are not possible in case of cooperative societies.

- c. The growers prefer commission agents for their credit needs because they keep these loans as secret. Also the growers obtain credit from the commission agents for such purposes for which they do not get institutional credit. They get credit from them at almost any time they want. This was one of the major reasons for grower's preference to commission agents.
- d. Generally, a grower would patronize that agency for sale of their produce which their fore-fathers had patronized for years before them. There exists close contacts and time honoured relationship between the growers and the commission agents and they do not care to sever these relationships unless substantial economic incentives are offered by the alternative agency. Personal relations play a dominating role in the promotion of business.

- e. Some growers believe that commission agents pay higher returns for their produce than the cooperatives. The cooperative agencies need to remove this impression through actual demonstration otherwise their business at extensive scale is not possible.
- f. It has been indicated by some growers that the produce at commission agent's shop is disposed off quickly than in case of cooperative societies. With the result there are less chances of deterioration of fruit through this channel.
- g. At present, the cooperative marketing societies hesitate to make out-right purchases for fear of price fluctuations and the resultant losses. At the same time these societies do not make any bid whereas the commission agents participate in the bidding operations to create an impression in the mind of the seller that they help the growers to get maximum returns for their produce. So long as employees of these public agencies and cooperatives are salaried, they do not take

many market risks which the commission agents normally do. The salaried employees of these marketing agencies do this for fear of losing their jobs.

- h. The employees of Cooperative Societies are salaried persons and follow fixed schedules of working hours. They show inability to attend their customers at odd hours as they do not have sufficient business incentives.

The above discussion lend support to the fact that the defects of apple marketing can be removed by organising the work by the establishment of apple cooperative marketing societies. Therefore, the need of the hour is to organise the apple growers of the Jammu and Kashmir within the fold of cooperatives. All the cooperatives thus formed should consist of the small, medium and large growers besides government. These cooperative should collect, store, pack and perform other allied services for the apple produced of their members and then sell it at a time when conditions in the market are quite favourable. During

the course of marketing operations the societies should provide to their members necessary credit to meet their various requirements of life. This system of marketing can help the growers to realise much better price and at the same time it will decrease the marketing costs, remove various mal-practices, trade abuses and increase their bargaining power. Here it may be pointed out to make cooperative societies effective and successful in their marketing operations, it is of prime importance that the initiative for the formation of these societies must come from the growers themselves. It should not all be enforced by the government from above. For this purpose it is quite necessary that the benefits of cooperative marketing must be amply brought home to the ignorant and illiterate growers by the concerned govt. agencies or by voluntary agencies. For this purpose lectures and film shows may be arranged to enthuse the growers in the formation of these societies. Radio Kashmir and Doordarshan can also play useful role in this direction. If this is not done then pre-harvest contractors, commission and forwarding agents will continue to exploit the growers and swallow maximum share of apple return as pointed out earlier. The

income and employment generating potential of apple cultivation as a viable vocation and bring this important sector of the state economy on scientific lines; its problems are to be identified and suggested measures for the eradication of problems in letter and spirit. It is against this back ground the scholar feels it worthwhile to identify the problems of cooperative marketing in general and apple marketing in particular in the next chapter.

PROBLEMS OF COOPERATIVE MARKETING IN KASHMIR

The foregoing chapters bring to light an important thesis that cooperative system has failed to give boost to the cooperative marketing in general and apple marketing in particular. A cursory study of the cooperative system in Jammu & Kashmir State indicates that it possess all essential characteristics of an efficient system. But the system has failed to contribute in terms of growth and productivity in the field of marketing on account of the problems faced by cooperative system in the State. It is depressing to note that situation is more alarming in the apple marketing as the cooperative system has to operate in such a system of apple marketing that has many problems of its own. Therefore, it will be interesting to discuss the problems under two major categories viz;

- (A) Problems of Cooperative Marketing;
- (B) Problems of Apple Marketing.

(A) PROBLEMS OF COOPERATIVE MARKETING

The study of marketing problems under cooperative system is a complex in nature as the concept of cooperative

marketing widely differs. Generally, speaking cooperative marketing comprises of the operations involved in the flow of agriculture produce from the grower to the final consumer. This includes series of activities like the handling of produce at the farm, initial processing, grading and packing in order to maintain quality production with minimum wastage.

Keeping in view the broader concept of cooperative marketing, the following are the main obstacles for the failure of cooperative marketing in State of Jammu and Kashmir.

1. Centralised Management:

This is unfortunate to note that the powers of the societies are centralised with managing committees which manage the affairs of the society for their own interests and therefore, the ordinary members do not enjoy the benefits of cooperative system. The managing committee mostly comprises of medium growers where the small growers fail to pleade even the genuine problems faced by them in disposing off their produce. Consequently the cooperative system does not satisfy the basic objective to stop the exploitation of the small growers by the large growers

for which the cooperative system was formulated. The defects in the working of managing committee are not brought to light as they shun away the auditors and avoid meeting the officials concerned.

2. Poor Management:

Cooperative system in the State of Jammu and Kashmir has failed to achieve its objectives because of its poor management. The executors fail to execute the plans formulated by the managing committee for the development of cooperatives in the State of Jammu and Kashmir because such plans are not based on appropriate planning premises. It has also been observed that most of the executors of these plans are not well versed with the latest controlling devices which are essential for the proper implementation of the plans.

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3. Lack of Coordination:

The present cooperative system suffers from proper coordination among various levels of the cooperative organisation leaving most of the cooperative programmes ineffective. There is a wide gap between apex body and cooperative societies at district and block levels. It was observed by the scholar that in some cases the decisions

taken by higher management of the apex body are communicated to the cooperative societies at a time when they had lost their market opportunity. At the same time the societies do not submit their necessary business reports to the apex body with the result the problems in the functioning of the cooperatives multiply year after year making the system disfunctional.

4. Lack of Proper Selection and Training:

The personnel working in cooperative societies find themselves in dol drums as they are not clear about their roles. Even in some cases the persons appointed are not in no way fit to the specifications of the job. However, their selection is made on the basis of understanding which they have with the members of managing committee. This defective method\$ of selecting persons for cooperative work, have been responsible for the unsatisfactory growth of the movement. The situation is more aggravated with the non-availability of appropriate training. All this ill-equipped, ill-qualified and ill-experienced staff bars the very spirit of cooperative philosophy in Jammu and Kashmir State.

5. Lack of Centralised Sales Authority:

Centralised sales authority is crucial and should,

therefore, be specified in detail. It has been observed during the investigation conducted by the scholar that the contract which binds the members with its society does not cover many essential details on which a large part of the member's income may depend. The cooperative's sales authority should have a comprehensive deed covering price policy, processing, by-products, methods of policy sales, methods, of handling produce between the growers and the cooperative, grades or other standard; methods of allocating expenses, methods of calculating capital contribution and income distribution; and the relationship between sales and financing procedures. The present contract deed does not even cover one third of the details mentioned above. All this has made handicap cooperatives in the normal operation of their business.

6. Absence of Information System:

The cooperative societies in Kashmir are not capitalising the market opportunities due to non-availability of information system. There exists a wide gap between markets and the societies and, therefore the societies do not possess the knowledge about the current market trends consequently, the societies fail to realise fully the benefits of cooperative marketing.

7. Non-viability of Primary Marketing Societies:

It is unfortunate to note that the primary apple marketing cooperative societies are non-viable in Kashmir. The reasons are identified by the scholar for the non-viability of the societies in Kashmir division were:

- Low membership
- Poor location of the societies
- Inefficient to mobilise resources.

8. Limited Area Coverage:

The apple cooperative marketing societies^{ies} are mainly concentrated in Baramulla and Kupwara districts of Kashmir. It is depressing to note that many other districts have not been brought under the programme of cooperatives despite of their rich potential of apple growing.

9. Absence of Cooperative Warehousing:

The warehousing is essential for the success of cooperative society as it enables the society to control the movement of all of the supplies of its members. As per the investigation carried out by the scholar, the apple marketing cooperative societies in Kashmir do not have the facility of warehousing both in terms of capacity

as well as quality. This has made the societies almost sick.

10. Supply of Horticulture Inputs:

The scholar observed during the investigation that cooperative marketing societies have failed to supply essential horticulture inputs like, insecticides pesticides and equipments, to its members.

11. Poor Financial Position:

The major reasons for the failure of marketing cooperative societies in the Kashmir is the financial weakness on the part of the societies. No society is financially so sound as to meet the requirements of its all members.

12. Vested Interests:

It has been strongly observed during investigations that weaker sections do not take advantages of the facilities being offered by cooperatives in the State of Jammu and Kashmir. This is because the weaker sections do not get easy entry into cooperatives on account of vested interests of the top office bearers. This malpractice hampers the growth and prosperity of the cooperative system in the State.

13. Defective System of Lending:

At present cooperative societies provide short-term loans to the growers. The quantum of the loan is not sufficient to meet the requirements of the growers. At the same time the official procedure for obtaining the loan is so complicated and lengthy that growers are often discouraged to make use of this benefit and fell prey into the hands of commission agents or money lenders.

(B) PROBLEMS OF APPLE MARKETING

The problems of apple marketing, in fact starts from the problems of production as the production problems have direct bearing on the marketing of apple produce. Modern and scientific method of marketing is difficult unless it is accompanied by quality production. Therefore, it will be interesting to discuss the problems of apple marketing into two major headings:

- a. Problems in Production Pattern; and
- b. Problems in Marketing System.

a. Problems in Production Pattern:

The problems of apple industry in production techniques are:

- i. Layout;
- ii. Diseases and pests;
- iii. Traditional technology;
- iv. Lesser use of chemical fertilisers;
- v. Prunning; and
- vi. Irrigation.

i) Layout: Maximum productivity from orchard is the result of good orchard layout. Orchard layout ideally involves the allocation of space and the arrangement of trees within the orchard in such a way so as to achieve the greatest possible output of high quality fruit with the lowest possible effort. So for layout of orchards is concerned, it is observed that 73.60 per cent properly laid out and remaining 26.40 per cent are irregular. Hence, maximum productivity from irregular portion of orchard is not possible.

ii) Diseases and Pests: The main problem of apple industry is that its maximum portion of production is affected by scab disease. The scab is one of the most severe diseases which has a bad impact on apple production. Before 1973, it was only limited to certain varieties of apple, viz; Ameri, Dooda Ameri, Trayal including Junga Trayal. But during last few years it has been observed that scab

disease has extended its area to certain other varieties of apple which includes Red delicious Hazratbali, Sharanpuri, Maharaji and American. As such scab disease has influenced almost full fruit production of the State which is evident from the table given below:

TABLE 5.1

DEGREE OF PESTS AND DISEASE

Degree of attack	Percentage of fruit orchard
1. Severe attack	10.52
2. Moderate attack	31.58
3. Low attack	57.90
Total	100.00

Source: Compiled from the published data entitled "Report on Prefalling of Apple in Jammu and Kashmir", Directorate of Horticulture (Statistics Wing), Jammu & Kashmir Government, 1981, p. 6.

From the table, it is evident that full fruit production i.e., 100 per cent in the State is deeply or minutely damaged by pests and diseases. This reduces the quality of fruit variety and also production potentiality of a tree and thereby leaving it of uneconomical value.

In order to control such a problem and minimise the incidence of disease, the government authorities took various measures which includes:

- a. Issue of literature, holding of exhibitions and demonstration shows,
- b. Conduct of various classes in apple growing areas whereby growers are informed about the results of pests and diseases and their proper control, and
- c. Introduction of plant diseases and pests Act, 1973.

Despite these measures it has not been possible for the Government to eradicate the disease completely.

iii) Traditional Technology: In Jammu and Kashmir State, fruit cultivation is carried through poor equipment, inadequate and obsolete tools. This method is essentially responsible for the low productivity. Over the years, the age old techniques have been refined and sharpened but even these are not up to the mark. Hence there is a good scope for improvement in the method of cultivation and adoption of improved horticultural practices. Reasons for non-adoption of modern technology are many and are classified as under:

- a. Lack of knowledge,
- b. Financial deficiencies.

a. Lack of knowledge: This is the major obstacle in the way of adoption of new horticultural technology. Most of the growers are ignorant and generally uninformed of the latest method and techniques of production.

b. Financial deficiencies: The prices of new equipment are high enough, hence beyond the reach of small growers and medium growers. The successful adoption of costly improved horticultural practices is conditioned to a great extent on the financial position of the grower.

iv) Lesser Use of Chemical Fertilisers: The apple growers of the State are well seized that the application of chemicals in horticulture is of prime importance and if orchard is fully fertilised, it can produce a large amount of fruit but unfortunately they do not fully apply adequate fertilisers to their orchards on account of the following reasons:

1. Majority of the growers are poor with inadequate credit facilities and are not in a position to purchase chemical fertilisers in adequate quality.
2. Growers are sceptical about the use of artificial

fertilisers as they fear loss of fruit through the improper application.

3. Growers are not well informed about the relative merits of fertilisers and about their preparation and application.

Keeping in view these reasons only a small percentage of growers use fertilisers. This is clear from the fact that only 7.02 per cent of orchards in the Valley receive fertilisers regularly, and 54.39 per cent are fertilised occasionally and rest 38.59 per cent of orchards are not being fertilised at all.¹ It is clear therefore, that a large portion of orchards in the Valley remain unfertilised.

v) Prunning: According to survey 79.00 per cent of orchards in the State are not properly pruned.² As a result of non-prunning of fruit trees, poor yield and quick deterioration of the quality fruit takes place. In order to preserve sufficient strength in the trees by removing its unwanted or diseased and long branches, prunning becomes an essential feature of health care of the tree.

1. Figures collected from Report entitled "Report on Prefall of Apples in the Kashmir Division", Directorate of Horticulture (Statistics Wing) J & K, Govt., p. 6.

2. Ibid., p. 6.

Despite the obvious benefits of pruning, it is surprising that the growers have not taken this practice kindly as they see it as a wastage of cut or pruned any part of a tree which is the result of their ignorance. All concerned agencies including cooperatives should confine their efforts to dispel the fears of the growers.

vi) Irrigation: Proper irrigational facility is a major input for agricultural produce. But it is shocking to note that a small percentage of orchards are properly irrigated in the Valley and major percentage remains unirrigated. The best of soil and sunshine or even the climate are of no avail if these are not accompanied by a guaranteed irrigational flow. It has been estimated that total water requirements of fruit trees is about 30 inches a year.¹ This is the minimum requirement which should be assured to the growers. Various methods are available to the growers for irrigating their orchards apart from the natural rainfalls. The commonly used methods are:

1. River and canals,
2. Wells, dug-wells and tube-wells,
3. Ditches and ponds, and
4. Storage, tanks, etc.

1. Memoria, C.B., "Problems of Agriculture Marketing in India", Kitab Mahal, Allahabad, 1976, p. 157.

Despite all these methods most of the growers of the State are unable to adopt them because of the lack of funds. Once financial assistance is made available to the growers, it can reasonably be expected that they would be in a position to improve their irrigational facilities.

b. Problems in Marketing System:

In the marketing of apple produce from the production point to the consumption point a variety of problems are being faced by the growers. These problems are as under:

1. Assembling,
2. Selling,
3. Storage,
4. Transportation,
5. Processing,
6. Grading,
7. Finance,
8. Risk bearing, and
9. Market information.

1. Assembling: The process of assembling involves the collection of little quantity of production from individual growers. It is the first step in the sequence of operations

which comprise horticultural marketing. This function can either be the assembling of the raw products from the production area or the assembling of the finished products into the hand of other middlemen in order to meet demand of the ultimate consumer.¹

In Jammu and Kashmir State the apple orchards are far from the assembling centres. Communication from these orchards to the assembling centres are often extremely poor and defective. Bad roads, lanes and traits linking orchards with the assembling centres not only add to marketing costs but also lead to the multiplication of small dealers and intermediaries.

2. Selling: Selling does not mean merely passively accepting the price offered. It refers to all those activities which sometimes are called merchandising. It includes also the activities like advertising and other promotional devices performed to influence the customer or create demand for the product. The decision as to the proper unit of sale the proper packages, the best marketing channel, the proper time and place to approach potential buyers-all

1. Kohls, R.L., "Marketing of Agricultural Products", The Macmillan Co., New York, 1967, p. 24.

are decisions which can be included in the selling function.¹
Thus under this head the following marketing problems have been studied:

- i) Package,
- ii) Marketing channel,
- iii) Advertising and sales promotion, and
- iv) Proper time.

i. Package: Packing is a convenient means of identifying a manufacturer's products, of stimulating demand and consumer interest and of improving saleability of the product by its more attractive appearance. A scientifically developed packaging technique will go a long way in preventing adulteration, pilferage, short-weight and maintaining the quality of products and thus pave the way for promoting sales.²

The traditional packing system for apple produce in the Jammu and Kashmir State lack almost all the above stated advantages. The wooden box is less economical and at the same time fails to

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- 1. Kohls, R.L., "Marketing of Agricultural Products", The Macmillan Company, New York, 1967, p. 25.
 - 2. O. Chanshyandas, "Public Distribution System Some Snags", Indian Journal Marketing, vol. XI, No.8, April 1981, p. 181.

gain consumer's attraction. At present our forests are providing about 1.50 crores of boxes for the fruit packing every year. This source is not life long hence not sufficient to meet the present requirements of apple industry. Accordingly, therefore efforts were and are being made to develop an alternative arrangement for the same. As a result, the Horticultural Corporation and Horticultural Planning and Marketing Department adopted card board boxes instead of wooden, for packing purposes during the session 1980-81. The result were encouraging as it is satisfying the economic, promotional and other statutory requirements. In addition to these, benefits like comfort and convenience of the user, strength and the re-use of the container are also present in this system of packing. Having the only disadvantage attached to it is that costs of card board cartoons is comparatively higher as compared to wooden packing as is evident from the table given below:

TABLE 5.2COST OF PACKING SYSTEM IN THE J & K STATE

Year	Cost of Wooden box (W) (Rs)	Cost of Card board box (C) (Rs)	Percentage excess in cost of (C) over (W)
1980-81	6.00	12.00	100.00
1981-82	7.50	12.50	66.67
1982-83	8.50	13.00	52.94
1983-84	110.00	15.00	36.36
1984-85	12.00	14.00	16.67
1985-86	12.50	15.00	20.00
1986-87	13.00	15.50	19.23
1987-88	14.00	16.00	14.29
1988-89	14.50	16.50	13.79
1989-90	15.00	17.00	13.33

Source: Jammu and Kashmir Horticulture, Marketing and
Processing Corporation Ltd.

From the table it is evident that the cost of cardboard cartoons was 100 per cent more as compared to wooden box in 1980-81. This is so because of the non-availability of these containers at that time. The subsequent efforts made by the Government resulted in taking up the manufacturing of these cartoons within the State. This had a good impact on the cost of the cartoons as their price showed a decreasing tendency as is clear from the table. Apple growers could take advantage of cardboard containers as this could save the transportation cost on account of less weight as compared to wooden boxes. Again the State resources of Green Gold can be saved which is otherwise wasted by consuming wooden boxes for supplying apples. Despite of this the use of cardboard containers is not popular because of the following reasons:

- a. grower's unawareness about the economical and promotional benefits of the cartoons;
- b. higher price of cartoons as compared to wooden boxes;
- c. non-availability of adequate quantity of cartoons in the State;
- d. the sale centre of cartoons being in Srinagar restricts the use of the same by the growers living in rural areas.

ii. Marketing Channel: One of the most persistent obstacles to the improvement of marketing system is the lack of efficient and economical market channel through which the products could move to the target market. The complex pattern of marketing channel decrease the fruit returns to the basic growers.

Generally it has been observed that consumers are located far away from the production centres. With the result there are various institutions working between basic growers and ultimate consumer. Due to their existence, the cost of apple production goes high logically the simplest market is that in which the grower sells own production to the ultimate consumer without any intermediary.

It is noteworthy that about 70 per cent of total apple production in the State passes at least through four hands before it reaches the final consumer.¹ Pre-harvest contractors play the most important part in the apple marketing channel. They may sell direct to retailers, but more often go through commission agents in assembling and

1. Motilal, V.S., "Efficiency in Apple Marketing", Indian Journal of Horticulture, vol. III, 1968, p. 4.

distributive centres. These commission agents may also act as wholesalers themselves in other transactions, subsequently using an additional commission agent or selling directly to retailer.¹ The influence of these intermediaries have had impact on marketing channel and the result thereof the orchardist hardly gets 20 to 30 per cent of the actual returns.

iii. Advertising and Sales Promotion: Advertising and sales promotion play a positive role in the efficient marketing. By and large personal selling forms the major element of the promotional mix in horticulture marketing in the State. The advertising as a means of demand creation has been altogether ignored. As a consequence thereof consumer know less at terminal/export markets about the special and considerable qualities of Kashmir apple and apple products. Personnel alone cannot compete with the marketing competition at terminal markets. It needs all support and help from other promotional devices which are absent in apple marketing at present.

1. Abbott, J.C., "Marketing Problems and Programmes",
FAO, UN Rome, 1958, p. 31.

iv. Proper Timing: Time is an important factor in selling. This also influence badly the apple marketing of the State. The apple production of Jammu and Kashmir State comes to the market about 2 months after apple produce of Himachal Pradesh. This enables the competing State to get much time to capture the market and thereby earns good returns for its produce. As a result the State faces lot of problems at export marketing centres in maintaining a proper balance between supply and demand.

3. Storage: The proper storage facilities are one of the essential features of an efficient marketing. The storage of farm products over substantial periods of time is another service which is essential because of perishable character of these goods and the need to spread seasonally production over extended periods or relatively stable demand.¹ Storage helps in tiding over the deficits of particular periods and areas and thus acts as an equalizer of prices both regionally and over periods of time.²

Generally there is inadequacy of cold storage facilities for apple produce in the Jammu and Kashmir

1. Op.cit., p. 16.

2. Jasdanwala, Z.Y., "Marketing Efficiency in Indian Agriculture", Allied Publishers Pvt. Ltd., Bombay, 1966, p. 55.

State. Inadequate cold storage facilities are the cause of heavy losses to grower in the State and the result in serious wastage of fruit and increased cost of consumers. A large majority of fruit, after its plucking is readily perishable under ordinary atmospheric temperature and humidity and cannot be stored even for a few days without serious deterioration. It has been observed that fruit allowed to stay in the open for one day losses its life by one week.¹

Without cold storage facilities in the State and at export marketing centres the apple trade on extensive scale is not possible. It is worthy to note at the time of glut where there are chances of deterioration and spoilage, the apple traders of the State sell their produce at export marketing centres viz; Delhi, Bombay, Madras etc. at such a rate that it is not even sufficient to meet the cost of transportation and packing charges of the fruit.²

Proper cold stores equipped with latest physical handling techniques would secure the grower a more equitable price by marketing fruit available at desired time and thus eliminate

1. Kashmir Today, Department of Information, J & K Govt., August 1982, p. 23.

2. Author's discussion with fruit traders at various export markets.

gluts in horticultural market at harvest season. It will protect and minimise the deterioration and losses in the fruit during its marketing process.

4. Transportation: A dependable transport is yet another perquisit for the successrul operation of the marketing system. Transport facilitate the movement of goods from places where they are less useful to places where they are much in demand.

Market can suffer physical and economic isolation or be within the compass of region or even wider competition depending upon both inter and intra-regional transport facilities.¹ Efficiency in transport depends upon the speed within which the goods are delivered and the care taken during transit.²

Horticulture produce frequently require transport service of an extremely specialised kind. All forms of transport viz; road, air and water must be available in moving the produce from the farms/orchards to its ultimate

1. Jasdanwalla, Z.Y., "Marketing Efficiency in Indian Agriculture", Allied Publishers Pvt. Ltd., 1966, p. 53.

2. Agarwal, G.D. and P.C. Bansal, "Economic Theory as Applied to Agriculture", Vikas Publication, Delhi, 1969, p. 153.

destination so as to make better and proper utilisation of these perishable goods in time. In Kashmir Valley, which is the main apple producing area in the State, only one system of transport is available namely Road Transport.

It has been observed that the forwarding agents at Srinagar, Jammu and Pathankot resort to delaying tactics in handling the consignments booked for various export markets. This results in the deterioration of the quantity of stock before it reaches export marketing centres. This speaks of the degree of inefficiency in the transportation system of the fruit in the State. As a consequence of it the transportation cost goes high and at the same time delay in consignments results in serious damage and loss to the fruit.

5. Processing: The processing function would include all those essential manufacturing activities that change the basic form of the product. The processing activity in horticultural marketing cannot be ignored. Processing is horticultural marketing cannot be ignored. Processing is necessary for perishable farm products like fruits and vegetables. Presently huge quantities of apple are left as unmarketable surplus in the shape of culls, windfalling,

slightly bruized and damaged in the valley of Kashmir. There is further increase to this quantity with off grade apples in inferior varieties, the returns of which are not economical to the growers at all. As a consequence thereof, the State is facing utilisation problem of about the lakh tonnes of unmarketable surplus.¹ Hence, the need of the hour is to establish scientific methods of preservation and processing units. It is gratifying, however, to note that some measures have already been taken by the Jammu and Kashmir Horticulture Produce Marketing and Processing Corporation in this direction. But these measures are not sufficient to meet the requirements of the industry. The in view of the following reasons:

- a. Non-availability of raw-material and packing material at the time of need;
- b. Heavy exercise duty imposed on the containers;
- c. Seasonal nature of business which keeps off people to take up this business;
- d. Limited local market since the local market is limited the processing industry has to export its produces to other states of the country, which however, does not become possible in the absence of quick transport facilities.

6. Grading and Standardisation: Grade means classifying a particular horticulture produce according to certain

1. Status paper Report on Fruit Processing Industry, Small Industries Services Institute, Govt. of India, Srinagar, 1980, p. 7.

attributes or marketing qualities into various classes or grades. Apple production is graded on the basis of size, symmetry of form, colour, ripeness and damage. The purpose of grading is to help buyers to select the most suitable produce for the uses they have in mind, so that the goods command higher prices than they otherwise would.¹ Once the consumer is sure of the quality he is paying for he would like to meet the full demand.

Apple gradation is one of the crucial problems presently being confronted by the State Apple Industry. It is not uncommon to find quality apple mixed with inferior varieties. Poor gradation has eroded the future of apple industry.

The apple growers adopt their own standards for grading which are generally based on size, colour, variety, disease and damage. Every grade standard had its own code which varies from grower to grower. Generally, the following code numbers are used by the traders.²

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1. Abbott, J.C., "Marketing Problems and Improvement Programmes", Food and Agriculture Organisation, U.N.O., Rome, 1958, p. 17.
 2. A Note, Fruit Research Station, Srinagar, Department of Horticulture, Jammu & Kashmir Government, Srinagar, 1982, p. 6.

- Full colour without blemishes, bruises and insect damages,
- 999-3/4 colour, rest as 'A'
- 997-3/4 colour with slight dry blemishes
- 881-1/2 colour or even less but with insect damage blemishes
- 666- This grade is between all the colour ranges but having maximum damage of insects blemishes and spray damages.
- 333- Dropped fruit (sorted) having bruises and having half colour.
- 1000- Drops due to wind, no colour restriction, having insect damages, bruises and fall pits etc.

This system of grading is inefficient as it encourage the 'Hatha System' of auctioning at terminal markets. The grading codes used by growers remain secret among various marketing intermediaries viz; commission agents, forwarding agents and wholesalers, which give rise to many malpractices and at the same time put confusion at the time of sale.

With a view to overcome this deficiency the State Government tries to supervise the grading activity of apple which however is not very much effective as it carries no legal sanction behind it. The Horticulture Planning and

Marketing Department is assigned the responsibility of ensuring scientific grading and standardisation but unfortunately this official agency has not succeeded in its mission which is clear by the remarks of Shri Tapeswar, Chairman, National Agriculture Marketing Federation (NAFED) lamenting on situation he says:

"During the last few years, we have experienced some difficulties in the sale of apple stock on the best possible rates since some of the stock received was not properly graded. Because of this we could not get best possible rates for such stock inspite of our best efforts".¹

Recently, Directorate of Horticulture Planning and Marketing has redesigned the grading specification for apples which now stands as:

- i. JK Supper,
- ii. JK Special,
- iii. JK Fency, and
- iv. JK Selected.

7. Financing: Finance has rightly been described as the life blood of any business enterprise. Its role in apple industry is more pronounced because of the very nature and operational pattern of this industry. In fact finance

1. Cooperative Bulletin, Jammu and Kashmir Cooperative Union, Jammu, vol. 18, No. 6, June, 1976, p. 11.

is required at every stage from harvesting of the fruit till its final disposal to the ultimate consumer. Because of the non-availability of sufficient finance to meet the pre and post harvest operational expenses the growers have been forced to fall a prey into the hands of unscrupulous middlemen who fall on themselves on the expense of poor growers. Though there marketing intermediaries provide interest free loans to the growers yet in effect it is just an eyewash. They actually cheat them by charging high commission on gross rate of the produce and by resorting to illegal and unethical marketing system, like "Hatha System".

The role of credit of horticultural development especially in case of small growers has been emphasised from time to time. It is now widely accepted that the gains of the development could not reach the small growers because the organised credit lending institutions like commercial and cooperative banks were largely not within their reach.¹ It was expected with the incorporation of various new credit lending institutions viz; Allakai Dyahiti Bank (sponsored by State Bank of India) and Comraz Rural Bank (sponsored by Jammu & Kashmir Bank) that this problem may be solved to the greater extent as they

1. "Report of All India Rural Credit, Review Committee", Reserve Bank of India, Bombay, 1969, p. 34.

have been specially incorporated for the development of agriculture and allied fields. But the results have not been much encouraging. They are not providing adequate facilities of finance as were expected of them. The maximum limit of loan given by these lending institutions to the basic growers without keeping any mortgage is Rs 5,000 and exceeding that the loan is sanctioned to them against proper mortgage.¹ It is evident that in Jammu and Kashmir State, the proportion of such orchardists is larger who have either small land holdings or poor. These growers are not in a position to provide securities to these rural banks. Hence, the growers are hardly facinated to avail credit facilities from these institutions.

8. Risk Bearing: The risk-bearing function is the accepting of the possibility of loss in the marketing of a product.² The risk can be classified under two broad heads viz; physical, and marketing risk. The risks which occur as a result of destruction or deterioration of the

1. Scholar's discussion with the officers of the Allakai Dyahiti Bank and Kamraz Bank.

2. Kohls, P.L., "Marketing of Agricultural Products", Macmillan and Co., New York, 1961, p. 25.

product itself by fire, accident, wind, cold, heat and earth quakes are known as physical risks whereas the risks which occur because of the change in the value of a product come under the head market risks.

Risk of quality deterioration are very important in case of apple produce being of perishable nature. Most of the growers are not prepared to take risk arising out of change in the market price, deterioration in fruit and loss by damage. As their capacity to bear losses is weak they prefer to pass on the risk to pre-harvest and other agencies by selling their produce at low prices.

The present marketing system of apple is favourably inclined to the middlemen rather than growers. In the absence of any government agencies the growers are left to the mercy of the middlemen, who take maximum advantage of the weak capacity of growers to bear the marketing risk of their produce.

9. Market Information: Market information may be defined as facts and their interpretations likely to help producers, traders and consumers in marketing decisions.¹ It covers

1. Abbot, "Marketing Problems and Improvement Programmes", (F.A.O), U.N.O., Rome, 1958, p. 102.

current price quotations, the feel of the market, trade opinion as to future trends and the probable effect of seasonal and climatic influences, and forecast of further production, consumption and trade movements, seasonal variations in yields and their probable impact on prices all material likely to influence the terms of exchange.¹ All this information is essential for the marketing if it is to operate with economy and precision. Any buying or selling activity which is undertaken on an isolated or spontaneous decision has less chances of economic success than which is conducted after a careful consideration of these facts.²

The apple industry of the state lacks the facility of good marketing information system. In this direction also poor growers of the state fail to receive the adequate benefits of goods and modernised techniques of marketing. The survey conducted by the scholar shows that 69.8 per cent of the sample orchardists received market news in some form or the other. The sources of information for the growers are as follows:

1. Op.cit., p. 102.

2. Jasdan Walla, Z.Y., "Marketing Efficiency in Indian Agriculture", Allied Publishers, Bombay, 1966, p. 46.

- i. Radio Broadcasts;
- ii. Inquires through cooperative societies;
- iii. Inquires from commission and forwarding agents;
- iv. Inquires from neighbouring growers; and
- v. Telephonic message from terminal marketing centres.

It may be noted that out of 69.8 per cent of the interviewed growers, 83.72 per cent were utilising the source of serial No. 1, 3 and 4 for this purpose whereas 16.28 per cent were dependent on other sources. It may not be out of place to mention here that market information system is utilised for price mechanism only whereas 16.28 per cent were dependent on other sources. It may not be out of place to mention here that market information system is utilised for price mechanism only whereas other areas and functions are ignored by the apple growers of ^{the} State.

In addition to above discussed functional problems of the present marketing system of horticulture produce, the following two problems also effect adversely the efficiency of the present marketing system.

a. Unorganised nature of growers: In Kashmir Valley the apple growers are numerous, poor and unorganised. They

sell their produce individually and in small quantity. As a consequence thereof, the bargaining capacity of these growers is low. Hence they are unable to protect their interests. On the other hand, the buyers of apple produce usually operate on a large scale and are rich and well organised. Since the number of these buyers is low and at the same time buy huge quantities in the aggregate are well in a position to monopolise the apple trade and cooperate in furtherance of their own interests. There is thus a kind of buyer's market in this trade, where marketing intermediaries have enough freedom to exploit the poor growers of the State.

b. Forced Sales of Marketable Surplus: The farmers in general sell their produce at an unfavourable place time and terms.¹ These three factors namely place, time and terms give the clue for an understanding of the existing position. Because of poverty and indebtedness unsatisfactory nature of communication, lack of staying power and the need for finance, the apple produce is sold soon after the harvest when there is a glut in the market and hence the offered, is very low.² Usually growers dispose of their

1. National Planning Committee Report on Rural Marketing and Finance, 1984, p. 42.

2. Memoria, C.B., "Principles and Practice of Marketing," Kitab Mahal, Allahabad, p. 578.

produce in advance by giving orchard on contract to pre-harvest contractors. This results in low economic returns to the growers.

Mere identification of problems is not the end in itself so far as the marketing of horticultural produce is concerned. It, therefore, calls for concerted efforts to minimise and even in certain cases eradicate the bottlenecks so as to gear up the existing marketing system. In this connection the next chapter deals with suggestions and conclusions.

CHAPTER -VI

CONCLUSIONS AND SUGGESTIONS

Jammu and Kashmir is one of the largest states of the Indian Union. In 1912-13 Maharaja Pratap Singh, the then ruler of the State, prepared a plan for the development of the cooperatives in the State. Although in Jammu and Kashmir the pattern of organisation and working was on Rochdale principles, the departmental set-up, supervisory machinery and audit system were different from other States of India. The State of Jammu and Kashmir had a wide spread cooperative organisation at the time of independence, when it had, with the exception of the frontier districts of Ladakh and Gilgit, covered the whole of the State with a net work of more than three hundred cooperative societies at all levels, in urban as well as rural areas, composed of agricultural credit and non-credit societies' industrial societies and consumer's societies, and societies for consolidation of agricultural holdings, arbitration etc. With the introduction of planned economic development in the State of Jammu and Kashmir in the year 1953, the cooperative movement also received a

considerable attention of the planners. As a result of planned measures the number of societies and their membership increased to 2,165 and 6.92 lakhs respectively in the year 1987-88 as against 1,050 and 3.92 lakhs respectively in the year 1965-66 which resulted in an increase of 106.19 per cent and 121.79 per cent in the number of societies and their membership respectively. This provides sufficient evidence that cooperative societies in Jammu and Kashmir State play a dominating role in cooperative movement of the Jammu and Kashmir and thereby help in the development of State's economy.

It is observed that cooperative marketing in the State is becoming popular in the business world day by day. The consumer's cooperative societies have dominated the cooperative scene of the State both in terms of number as well as in membership. However, it is depressing to note that the cooperative movement is not getting filling in apple marketing where it is expected to play significant role as the marketing of apple at present is subject to the exploitation of number of intermediaries. In spite of the number of measures taken by the government from time to time to make cooperative

marketing more popular in the apple industry, the concept of cooperation could not be popularised among the small growers, the number of which in the apple industry is very significant and the non-adoption is due to lack of knowledge of the benefits of cooperatives as well as lack of faith in the cooperative societies due to the fact that member education and training programmes are not doing well in the States. Moreover, the publicity and propaganda reflecting the benefits of cooperatives in different fields are also not done properly.

I have very carefully surveyed the channels of apple marketing in Kashmir and found that ^{six} marketing channels are involved in the distribution of apple produce. It has been noted that commission agents channel is the dominating one. This is the channel which enjoys maximum share i.e. 65.33 per cent of the sample orchardists. Next to it comes forwarding agents' and pre-harvest contractor's channel which constitute 12 per cent and 10.67 per cent of the sample orchardists. Reasons for the selection of the commission agent's channel adopted by the growers are:

- i. Lack of the idea of integration concept among growers;
- ii. Availability of credit facilities by the commission agents to the basic growers on easy methods and producers;
- iii. Age old established relations between the growers and commission agents; and
- iv. Lack of outright purchase system among cooperative societies.

It has been pointed out that the existing marketing system of apple is not quite efficient as it gives a grower a low share in the consumer's rupee. However, the cost of marketing of apple is slightly lower and producer's share and consumer's price is slightly higher in case of cooperative fruit marketing societies except zero level channel. In the commission agent's channel, which is the most dominating, the producer's share in consumer's rupee is 31.34 per cent. This clearly indicates that about 69 per cent of the consumer's rupee has been appropriated by the different intermediaries involved in apple marketing. I feel that the existing situation is due to the problems which Agricultural Cooperative Marketing Societies have

been facing in the State e.g. poor management, poor coordination, poor selection and training, poor financial position, poor warehousing facilities etc. Added to this are the apple marketing problems like grading, packing, channel selection, transportation, cold storage etc. An attempt is also made in this chapter to highlight the production problems of apple produce and their impact on its marketing. All these problems have seriously affected the efficiency of cooperative marketing in the State of Jammu and Kashmir.

A broad conclusion emerging out of this study reflects that the cooperative system has failed to achieve its objectives in the State of Jammu and Kashmir. This is so as the cooperative system has not been devised and organised in a professional manner as is in vogue in other parts of the country. The traditional organisation set up has proved detrimental in the very interests of the cooperative sector. The present system of cooperative marketing is not only disfunctional but also has given rise to many other malpractices. It was expected that the exploitation of middlemen in the apple marketing will be stopped with the introduction of cooperative in

the apple marketing but it is a matter of serious concern that it could not replace the commission agent channel in the apple trade. In spite of the above fact cooperatives can play a significant role in the economic development of the State if organised on the basis of sound cooperative principles. In this context the following are the suggestions to develop Cooperative Marketing in Kashmir.

1. Reorganisation of Marketing Societies:

We should have viable Cooperative Societies only. Those weak and dormant should be reorganised and made viable.

2. Proper Planning and Control:

While formulating the plans, the planners should give due consideration to the analysis of planning promises without which planning becomes futile. Every plan should be made to ensure proper controlling so that implementation of the plans is made in the spirit they are made. This would call for the use of proper controlling devices like budgetary control, schedule charts and auditing of accounts etc.

3. Constitution of Managing Committee:

To make cooperative a pragmatic model, each cooperative should have managing committee with marginal and small growers as its members. This arrangement would definitely take care of the interests of small growers who are sufficient in number.

4. Effective Coordination:

To ensure coordination every cooperative society must work in close contact with other. This alone can pave way for horizontal and vertical coordination among various sub systems of the cooperative net work. At the same time every efforts should be made to eradicate the barriers to effective communication by installing an effective reporting system.

5. Establishment of Cooperative Service Commission:

To check faulty selection and ensure the selection of proper personnel in the cooperative society, a Cooperative Service Commission should be established. The Cooperative Service Commission should be an independent organisation and it should constitute members from

trade association, government cooperative societies and cooperative training institutes.

The cooperative societies should submit their human resource requirements to its apex body and the apex body must formulate the job specification and description of the human resource requirement submitted by the societies. After doing it, the apex body should refer the required job specification to the Commission for filling up the posts.

6. Establishment of Cooperative Training Institute:

There is a growing demand for the establishment of Cooperative training institute equipped with all modern training facilities in the State of Jammu and Kashmir. The trainers in the Institute should be the academicians rather than the present practice of appointing administrators who lack academic framework of the subjects. The Institute should conduct need-base training programmes regularly on various subjects of the cooperation. The training programmes should include induction of new courses, refresher courses, orientation

courses, certificate and degree courses in specialised areas of management, accounting and auditing relevant to the Cooperative Sector. In this connection the Jammu and Kashmir Cooperative Union can play a significant role. Funds should be provided to the Union for the purpose.

7. Extensive Area Coverage:

It has been observed that the Cooperative Societies are concentrated only in few areas whereas there is tremendous potential for cooperation in other areas of the State. Therefore, cooperatives must identify the potential areas for their operation and must bring them under their coverage. For example there is much need of Cooperative Marketing Societies for apples in Sopore the apple city whereas such societies are not much required in semi-urban areas of Srinagar district.

8. Technical Consultancy:

No business, at present, can survive without use of modern technology. Therefore, it is the responsibility of the department concerned with cooperative to serve a consultancy agency for the Cooperative

Societies on technical matters in various fields of cooperation. Though this is one of the functions of Service Cooperative Societies but generally this is not performed by such societies in Kashmir.

9. Diversification of Business:

At present most of the Cooperative Societies in Jammu and Kashmir are engaged in selling activities only. But at the same time there is enough scope for these societies in other activities of business like supply of agricultural inputs and domestic requirements of the members as is done in other States.

10. Increase Share Capital of Members:

At present, the marketing cooperatives in Jammu and Kashmir depend mostly on government help. The lack of finance makes the societies weak. To meet the financial requirements without any problem, the marketing societies should increase their share capital from members and also encourage thrift deposits.

11. Enactment of Grading and Quality Control Act:

Grading and quality control Act should be executed

which should include establishment of grade specification and enforcement of grading programmes, operation of inspection system and control laboratories. At the same time, grading should be carried out in accordance with the best mechanical devices.

Types and specifications of authorised packages must be set out to ensure safe handling and speedy recognition. Fruit product definitions and regulations of packages must take place in collaboration with the trade. Marketing practices and strategies must be analysed carefully. Such practices will help in promulgating such laws which can be enforced without any difficulty. This work must be looked after by advisory committee on fruit marketing which should constitute members from concerned government, semi-government, cooperative departments, traders and growers. Various laboratories must be established at various production centres in the State which should analyse the sample. Upon such analysis a certificate must be issued to the exporter society indicating the grade of fruit product and a detailed analysis of the product. Each fruit box/bag must contain label

indicating such analysis and name of the society. Each exporter society must be charged with a nominal fee for such services in order to make it self-supporting scheme.

Regulations fail to fulfil their objectives unless they are properly enforced. The employment of supervisory personnel at the farm level and in wholesale markets cannot meet the requirements. To ensure conformity with trading rules all traders, dealers and processors must be licensed. This practice will provide an opportunity to screen out dishonest operators at renewal period. The licenses must be withheld from such dealers/traders who fail to enforce approved regulations. They should be easily available to new entrants, to avoid the danger of their being used to protect monopolies.

12. Economic Packing System:

An economic packing system for apple should be developed and be made easily available for marginal growers of the State. It will reduce the cost if the

industrial cooperative societies are established for the purpose. The following particulars should also be marked on fruit box as:

- a. Kind and variety of apple;
- b. Grading mark;
- c. No. of layers and apples in the box; and
- d. Net weight when packed.

13. Establishment of Horticulture Marketing Training Institute:

A Horticulture Marketing Training Institute should be established for training and education of personnel engaged in various activities of marketing viz. packing, grading, standardisation, etc. special course for Cooperative Marketing particularly fruit marketing should be introduced in Jammu and Kashmir Cooperative Union Ltd. Jammu.

14. Improved Marketing Channel:

Efforts should be made to ignore the influence of commission and forwarding agents in apple trade and to establish such a distribution system of fruit as

would ensure direct sale to the consumer. This type of marketing channel will be remunerative.

15. Cold Storage Facilities:

Cold storages should also be constructed at export marketing centres so as to ensure the growers of the State the facility of cold storage at terminal markets when they feel low returns of their produce as a result of glut at export marketing centres.

16. Improvement in Transport Facility:

If the apple industry is to be properly developed from all angles, the available transport facilities of every mode have to be improved and expanded suitably. In this context the State government should adopt the following measures:

- i. Top priority for the construction of all weather feeder roads in apple producing areas is essential for facilitating the movement of apple produce.
- ii. Introduction of the railway transport system

within the Valley which will reduce the time element from apple producing centres to Qazigund and thus save deterioration of a greater extent.

- iii. Redesigning of load carries so as to dispense with the existing practice of packing the apple in wooden boxes.
- iv. Liberalisation in the issue of licences to cooperative marketing societies, and
- v. Advancing loans to marketing societies for purchase of load carriers for transport of apple produce.

17. Financial Facilities to the Poor Growers:

All State financial agencies should provide loans to basic and poor growers on low interest rates against their produce. This facility will minimise the practice of supplying interest free finance to the growers by the commission agents and then cheating them

by charging abnormally high commission. In this connection Cooperative can play a significant role and can provide all types of Credit Facilities to the growers.

18. Outright Purchases:

The Cooperative Societies should emerge as a big buyers of the apple produce. This system would shift the marketing risk of the produce from the basic grower to this agency. As a consequence growers will prefer to sell their produce to the State agency which will be fruitful both for growers and the State.

19. Establishment of Marketing Information and News Service:

Market information centres should be established which will provide the apple growers and traders day to day knowledge and information about the happenings and trends prevailing in various marketing centres in and outside the State. Such a facility will help the growers/traders to decide about future market strategy.

20. Educating the Growers:

Adequate arrangements should be made for

imparting training and education to the growers so as to equip them to face the marketing challenges. Growers should be trained in the art of bargaining, selling, price fixation and so on.

21. Establishment of Marketing Research Centres:

The State should set-up a large and full fledged marketing research centre which will be capable of conducting extensive market surveys for exploring new markets and developing existing market both within and outside the State. Such a centre should be assigned with the role of undertaking the following tasks:

- i. Investigate the demand for new market facilities and draw up plans and specifications.
- ii. Conduct research in the marketing of important apple products with a view to develop more efficient methods and organisation.
- iii. Study grades and standards that might be put into practice under grading and standardisation laws.

- iv. Investigate the packing and transport of apple products, recommend improvements and develop container of standards.
- v. Compile and arrange for the publication of various marketing statistics such as stocks of apples and produce in cold storage, etc. at regular intervals and issue the latest bulletin regarding demand and other market trends; and
- vi. Prepare reports of market prices and disseminate the same to the growers through T.V., radio, news papers and other sources.

In addition to this, arrangements should be made to ensure that a sufficient number of promising students specialised in marketing at the advanced university level within or outside the State should be absorbed in Cooperative Marketing Societies.

22. Efficiency in Processing Units:

To bring efficiency in the processing of apples the following measures are suggested:

- i. Washing of apple: It has been observed that majority of apple processing units in the State use plain water for washing. It is suggested that water which has been slightly acidified with hydrochloric acid (about 0.025%) may be used for this purpose. It will help in easy removal of pesticides spray residue etc. At the same time scrubbers may be used to clear the fruit properly before crushing.
- ii. Steam Supply: A good proportion of processing units in the State do not have machinery/equipment for generating steam which are necessary for regulation temperature as well as pressure which are the most important factors for controlling and processing of fruits. Every processing unit must have at least a baby boiler for the said purpose.
- iii. Arrangement for Packing Materials: There is always shortage of packing materials for small scale fruit processing units in the

State. These units fail to get the packing material at required time even when they pay the amount in advance because the quantity of material required by each unit is less. The small Industries Cooperation may share in responsibility of these units in the procurement of packing material as they are doing for other raw materials, as per requirements of the individual units. The Directorate of Industries and Commerce may help the Small Industries Corporation in estimating the required quality of packing material for the fruit processing units in the State.

- iv. Construction of Separate Industrial Shed for Fruit Processing Units: State government should construct separate industrial shed for fruit processing units as per the specification laid down by Food Product Organisation (F.P.O) especially in Jammu and Kashmir State and the sheds may be allotted to young educated entrepreneurs.

- v. Subsidy for Processing Units: It is very difficult for new entrepreneurs to establish their own fruit processing units as these require heavy initial investment for the construction and installation of building and plant and machinery. Government should arrange these machinery and requirements on instalment basis and should provide subsidy on these for processing units. Further it should also arrange finances for such purposes to these units on low interest.
- vi. Establishment of Food Product Organisation's Laboratory in the Jammu and Kashmir State:
At present, more time is consumed in processing of the cases with Food Product Organisation for the establishment of Fruit Processing Units. Therefore, it is suggested that F.P.O should establish a small laboratory in the Jammu and Kashmir State for speedy issue of licence and testing of products, etc.
- vii. Exemption in the Payment of Income Tax: To give a fillip for bringing up more fruit processing

units in the State, the small scale fruit processing units should be exempted from payment of income tax.

13. Apple Wastage Utilisation:

The scholar observed after extraction of juice from apples a large quantity of apple pomace is thrown as waste by the processing units. Apple pomace has good commercial value as it can be utilised for:

- a. Recovery pectin, and
- b. Animal feed.

a. A good yield of pectin can be extracted from dried pomace than fresh apple pomace. It is so because dried apple pomace contains about 15 to 20 per cent of pectin while 2 to 3 per cent in fresh apple pomace.

b. Dried apple pomace mixed with 20 per cent of hay can be better utilised as cattle feed.

14. Establishment of Processing Units at Large Scale:

The apple processing units/centres should be

established at large scale in the State so that 30 per cent wasted produce may be utilised in better and economical way. At the same time State should make efforts to remove various obstacles coming in the way of these centres/units.

15. Public Commission Agents:

State Government should circulate a list of public commission agents for disposal of produce at the export marketing centres at every harvest season. The growers should be directed to approach these agents for the sale of their produce.

16. Intervention of State Trading Corporation:

The State Trading Corporation should take responsibility for the marketing of apple produce of the State in a big way. This may prove to be helpful to marketing institutions in raising the bargaining power and income of grower, reducing marketing costs, and in reducing the influence of commission agents at export marketing centres.

17. Organised Selling System:

To keep the growers satisfied with fruit returns, government should declare the present system of auction namely Hatha/Parda system as illegal. Efforts should be made for the elimination of this disorganised system of marketing of apple produce.

18. Organised Producers Organisation:

The wholesale buyers at export market centres generally form organised organisation and thus deprive the growers/producers of their due share in the consumer's rupee. Hence, it would be fruitful that growers should also form such organisation to increase their bargaining power.

19. Marketing Fellowships:

State Government should give fellowships to young growers/traders to study marketing methods and administration in the advanced institutions of learning.

20. Marketing Meeting and Training:

Government may recommend personnel/growers to attend specialised horticulture meetings and training courses arranged to meet the marketing needs of horticulture sector.

21. Provision of Technical Experts:

The services of horticulture marketing specialists should be offered from other parts of the country to work for some time in a particular area, to analyse problems on this subject and make recommendations to the State in the light of current conditions.

22. Advertising and Publicity:

Advertising and publicity media should be expanded within and outside the country. It is strongly suggested that there should be an international campaign launched by the various concerned state agencies by creating an agency with foreign market association and organisation. Attracting hoarding should be placed at key centres of the principal cities.

Over and above the suggestions given in the foregoing pages, the scholar feels that attention should also be focussed on removing the production defects by adopting the following measures:

- i. Layout: Due consideration should be given to the scientific principles of orchard layout in future plantation. For the development in the layout of existing orchards, efforts should be made to develop such a system which can make possible the proper layout.
- ii. Research Laboratories: Horticulture Research Laboratories should be established in every Tehsil of the State so that control of pests and diseases may become possible.
- iii. Exhibition-cum-Demonstration Centres/Plots: Classes at mass scale may be conducted by various horticulture department and institutions in fruit growing areas, where apple growers may be informed about the latest horticulture technology. For this purpose, demonstration plots should be set-up in fruit producing areas.

- iv. Publicity and Advertisement Campaign: A rigorous advertisement campaign should be launched to inform growers about the proper use and relative benefits of fertilisers, so that the habit of use of fertilisers may be developed in the growers.
- v. Financial Facilities; The rural financial lending institutions should allow the marginal growers to take loans without any mortgage so that they are able to bear various pre-harvest expenses which include purchase of medicines, fertilisers, modern implements for fruit cultivation, etc.
- vi. Modern Techniques of Irrigation: To meet the present requirements of irrigation all methods of irrigation i.e. wells, ditches, storage ponds and river canals etc. should be developed and extended. Merely extending one particular method of irrigation cannot meet the requirement and demands of irrigation.
- vii. Crop Insurance Scheme: To save the fruit production from various pre-harvest risks/damages, crop insurance scheme may be executed.

These are the proposals for the healthy operation of the marketing system and for the economic development of apple industry. Therefore, it becomes obligatory on the part of growers and horticulture agencies as well as on the government to go for these suggestions to correct deficiencies in the existing marketing system/operation of the apple industry. The suggestions, if implemented properly would prove a gate way to the future prosperity of the industry.

APPENDIX 'A'

QUESTIONNAIRE

Form No. 1

1.1 Identification

1. Name of respondent.....
2. Percentage
3. Age
4. Sex.....
5. Monthly income.....
6. Educational qualification.....
7. Principal occupation.....
8. Subsidiary occupation.....
9. Village
10. Block 11. Tehsil.....
12. District..... 13. Province.....

1.2 Size of composition of operational holdings (in hectares) .

1. Fruit bearing.....
2. Non-Fruit bearing.....

Form No. 2

2.1 Gross Produce of Apple

Varieties	Area in Hectares	Yield in tons per hectar	Total yield in tons
a)			
b)			
c)			
d)			

2.2 Production cost per Hectar

Variety	Seeds	Fertilisers	Chemicals	Human Labour	Paid Revenue	Total
---------	-------	-------------	-----------	--------------	--------------	-------

2.3 Sale of Apple

Variety	Qt. sold in tons	Price per ton	Total value in Rs
---------	------------------	---------------	-------------------

Form No. 3

3.1 Methods of disposal of Apple

1. Sale direct to the final consumer Yes/No
2. Sale through commission agents Yes/No
3. Sale through JKHPMC Yes/No
4. Sale through Parliament contractors Yes/No
5. Sale through cooperative societies Yes/No
6. Sale through forwarding agents Yes/No
7. Sale through any other channel, if Yes which one

3.2 Direct sale to the final consumer (Reasons)

1. Are you satisfied with this mode of sale Yes/No
2. If yes why..... If no why.....
3. Do you obtain fair price through this channel Yes/No

3.3 Sale through commission agents

1. Do you obtain fair price Yes/No
2. Are you satisfied with this channel Yes/No
3. If yes why..... If no why.....

3.4 Sale through JK & PMC

1. Are you satisfied with this mode of sale Yes/No
2. If yes why If no why
3. Do you realise fair price Yes/No
4. Is it because of govts. involvement Yes/No

3.5 Sale through cooperative societies

1. Are you satisfied with this mode of sale Yes/No
2. Do you realise fair price Yes/No
3. Do cooperatives charges less commission Yes/No
4. Do cooperatives have any arrangement for outright purchase. Yes/No

Form No. 4

4.1 Price received by the grower through different channels

	<u>Price per ton of apple</u>
1. Direct channel
2. Commission agents channel
3. JKHEMC channel
4. Preharvest contractors channel
5. Cooperative societies channel
6. Forwarding agents channel

4.2 Suitable channel in view of grower

S.No.	Channel	Reasons
-------	---------	---------

Form No. 5

5.1 Grading of Apple

- | | |
|--|-----------------------------|
| 1. Do you grade apple before sale | Yes/No |
| 2. Is grading done under agriculture Mark
or any other Mark | Yes/No |
| 3. Factors taken into account while grading | Colour/Size/
Shape/Smell |
| 4. Why do you believe in grading | Better/Nice/
Easy Sale |

5.2 Factors responsible for not grading

- | | |
|---|--------|
| 1. Not aware of its advantages | Yes/No |
| 2. Lack of Facilities | Yes/No |
| 3. Is the produce easily sold without grading | Yes/No |

5.3 Storage of Apple

- | | |
|---|--------|
| 1. Do you feel the need of preserving apple | Yes/No |
| 2. If yes what preserving techniques are
being used by you | |
| 3. Do you own any cold storage | Yes/No |
| 4. If yes, give details | |
| 5. Are the preserving devices used by
you adequate | Yes/No |
| 6. If no what suggestions would you like
to make. | |

5.4 Credit facilities

1. Do you need credit for storage and other facilities. Yes/No
2. Are credit facilities available. Yes/No
3. From which service do you set loans
4. Do you set loans from these agencies easily. Yes/No
5. Is corruption involved in these agencies Yes/No
6. Why do you get loans from rural money lenders even though organised agencies are available. Easily available/Non-existence of other agencies
7. Rate of interest charged by money lenders. 10%, 12%, 15%, 20%, 25%, 30%, etc.
8. Do you consider the rates of interest. Heavy/Low
9. Repayment of loans Easy Instalment/Any other

5.5 Risk bearing

1. Do you feel need for Insurance Scheme Yes/No
2. If yes which agency you choose
3. In the times of natural calamities does the govt. come forward to help you Yes/No

5.6 Market information

1. At present is any agency providing information to you about the prices. Yes/No
2. If no how do you come to know about the prices at the time of sale
3. Who fixes the price at the time of sale
4. Do you want there should be any agency which will provide information about the prices. Yes/No

5.7 Transportation facilities

1. Is adequate transportation facility available. Yes/No
2. Are the transport changes Higher/Low
3. Are proper roads available between production place and consumption place. Yes/No
4. By which means of transport you mostly transport your produce
5. Does blockade of Jammu & Srinagar National Highway affect your business. Yes/No
6. If yes, what suggestions would you put forward

APPENDIX 'B'

POSITION OF FRUIT NURSERIES AND ORCHARDS
IN JAMMU & KASHMIR

Year	Total No. of Nurseries	Total No. of Nurseries- cum-orchards	Total No. of Orchards
1980-81	15	84	28
1981-82	15	84	28
1982-83	15	84	28
1983-84	15	84	28
1984-85	15	84	28
1985-86	15	84	28
1986-87	24	84	28
1987-88	24	84	28

Source: Directorate of Horticulture (Production),
Govt. of J & K, Rajbagh Srinagar, (Kashmir).

APPENDIX 'C'

AREA UNDER CULTIVATION OF VARIOUS FRUITS IN J & K

(in 000 hect.)					
Year	Area under Apple	Area under Pear	Area under Cherry	Area under other fre- sh fruits	Total Area Under Fresh Fruits
1980-81	60.29	5.50	1.09	21.5	87.93
1981-82	60.81	5.65	1.09	21.90	89.48
1982-83	61.32	5.84	1.11	22.77	91.04
1983-84	62.19	6.10	1.13	23.83	93.25
1984-85	63.10	6.40	1.15	25.02	95.67
1985-86	63.80	6.73	1.16	26.20	97.89
1986-87	67.03	7.81	1.22	30.46	106.70
1987-88	67.42	7.78	1.30	34.49	111.08

Source: Directorate of Horticulture (Production), Government
of J & K, Rajbagh, Srinagar (Kashmir).

APPENDIX 'D'

ESTIMATED PRODUCTION OF FRESH FRUITS IN THE STATE OF JAMMU
AND KASHMIR

(In metric tonnes)					
Year	Apple	Pear	Cherry	Other Fresh	Total Fresh
1980-81	5,36,300	3,200	530	5,920	5,45,950
1981-82	4,94,421	2,230	720	6,170	5,03,541
1982-83	4,31,140	6,698	1,054	14,480	4,53,372
1983-84	6,19,472	2,920	1,242	12,831	6,26,468
1984-85	6,38,671	4,488	605	7,040	6,50,804
1985-86	7,60,666	5,257	569	8,473	7,74,965
1986-87	7,23,826	7,775	1,679	5,863	7,39,143
1987-88	4,27,063	960	1,013	26,478	4,55,514

Source: Directorate of Horticulture (Production),
Govt. of J & K, Rajbagh, Srinagar, (Kashmir).

APPENDIX 'E'

IMPORTANT TEMPERATE APPLE PRODUCING, EXPORTING AND
IMPORTING COUNTRIES

Important producing countries	Important exporting countries	Important importing countries
U.S.S.R., U.S.A., France, Italy, Turkey, Federal Republic Germany, Poland, Spain, India (in order of serial)	Italy, Argentina, Australia, U.S.A., Hungary, Netherland South Africa, France, Canada, Lebanon, Bulgaria, China, New Zealand, Denmark.	West Germany, U.K., U.S.S.R., France, Brazil, Czechoslovakia, Switzerland, Canada, U.S.A., Iraq, Hong Kong, Algeria.

- Sources: 1. F.A.O., United Nations production Year Book, vol. 39, 1985, pp. 158 and 193.
2. Directorate of Marketing and inspection, Department of Agriculture, Govt. of India.
3. Fruits of the Earth by Francesco Bianchini and others, Bloomsbury Books, London, 1988, p. 146.

APPENDIX 'F'

NATIONAL LEVEL COOPERATIVE ORGANISATIONS

1. National Cooperative India, 3 Siri Institutional Area, Behind Hauz Khas Panchshila Marg, New Delhi 110 016.
2. National Agricultural Cooperative Marketing Federation of India Ltd. Sapna Building, 54, East of Kailash, New Delhi 110 065.
3. National Cooperative Consumers' Federation Ltd., Deepali, 92, Nehru Place, New Delhi 110 019.
4. National Federation of Industrial Cooperatives Ltd. 3, Siri Institutional Area, Behind Hauz Khas, Panchshila Marg, New Delhi 110 016.
5. National Cooperative Land Development Banks' Federation Shiv Shakti, 2nd Floor, B.G. Kher Road, Worli, Bombay 400 018.
6. National Federation of Cooperative Sugar Factories, Ltd. 82-83, Vaikunth Building, Nehru Place, New Delhi 110 019.
7. National Federation of State Cooperative Banks Ltd. Garment House, 2nd Floor Dr. Annie Basant Road, Worli, Bombay 400 018.
8. All India Federation of Cooperative Spinning Mills Ltd. Murzban Road, 2nd Floor, Bombay 400 018.
9. National Cooperative Housing Federation Ltd. 34, South Patel Nagar, New Delhi 110 008.
10. All India Handloom Fabrics Cooperative Marketing Society Ltd. 56-58, Mital Chambers, 5th Floor, Box No. 1121, Nariman Point, Bombay 400 021.
11. National Cooperative Dairy Federation of India Ltd. IDH House Sector, IB, R.K. Puran, New Delhi 110 022.

12. Indian Farmers Fertilisers Cooperative Ltd.
24 Nehru Place, New Delhi 110 019.
13. National Federation of Labour Cooperatives Ltd.
Jantar Mantar Road, New Delhi 110 001.
14. Krishak Bharti Cooperative Ltd. 49-50 Red Rose
Building, New Delhi 110 019.

Source: Samiuddin & Rehman, M "Cooperative Sector in India",
S. Chand & Co. Ltd., New Delhi 1983.

APPENDIX 'G'

PLACES AND GRADING CAPACITY OF GRADING & PACKING HOUSES

S.No.	Places	Capacity (Tonnes)
1.	Lakroo	1,000
2.	Khanmooh	1,000
3.	Beerwah	1,000
4.	Pattan	6,000
5.	Sumbal	6,000
6.	Doabgah (Sopore)	6,000
7.	Handware (Balakote)	6,000
8.	Rajpora (Pulwama)	6,000
9.	Beharmpora	1,000
10.	Chakhajan (Kulgam)	6,000
11.	Chowodari Gund	1,000
12.	Boomi	6,000
13.	Kanispota	6,000
14.	Rainberpora	1,000
15.	Rohamar (Nardhell)	1,000
16.	Choodra	1,000
17.	Serigufwara	6,000

Source: Jammu and Kashmir Horticulture Produce
Marketing and Processing Corporation,
1983.

APPENDIX 'H'

COMMERCIAL APPLE VARIETIES GROWN IN JAMMU AND KASHMIR
AND THEIR RESPECTIVE ENGLISH NAME

S.No.	Kashmiri Name	English Name
1.	Delicious	Red delicious
2.	Suir Saharanpuri	Irrish Peach
3.	Kesri	Coxi orange pipin
4.	Hazsatbali	Benoni
5.	Chini cider	De Gransuller
6.	Khurn	Yellow Newton
7.	Lal cider	Freguinde charters
8.	Bibi seb	Queen apple
9.	American Trel	American Apirange
10.	Razakwari	-
11.	Ambru	Ambri
12.	Lal Frashi	Baldwin
13.	Kraimzam	-
14.	Chamure	Rome Beauty
15.	Janthan	Jonathan
16.	Maharaj	White Dotted Red

Source: Compiled by the scholar from the discussion
with President, Fruit Grower Association,
Srinagar (Kashmir).

APPENDIX 'I'

PERCENTAGE OF APPLE ORCHARD STATUS IN KASHMIR DIVISION
DURING 1977-78 AND 1978-79

(Percentage of total area)			
S.No.	Rating	1977-78	1978-79
1.	Excellent	1.75	1.8
2.	Good	31.58	31.6
3.	Satisfactory	56.17	56.1
4.	Poor	10.50	10.5
	Total	100.00	100.00

Source: Survey report on prefall rate and average yield estimates of apple trees in Kashmir division, Directorate of Horticulture (Statistical Wing), Government of J & K, Srinagar.

APPENDIX 'J'

VARIETY-WISE AVERAGE YIELD OF APPLE PER TREE IN KASHMIR
DIVISION DURING 1977-78 AND 1978-79

		(81 in kgs)	
S.No.	Variety	Average yield	
		1977-78	1978-79
1.	White Dotted Red	59.73	68.11
2.	Cox's Orange Pipin	52.53	37.42
3.	Ambri	46.86	54.19
4.	Red Delicious	37.43	33.57
5.	American Apironge	35.91	48.05
6.	Benoni	14.26	17.86
7.	Others	34.71	29.44
	All the varieties	44.79	45.45

Source: Survey report on prefall rate and average yield estimates of apple trees in Kashmir division, Directorate of Horticulture (Statistical Wing), Government of J & K, Srinagar.

APPENDIX 'K'

EXPORT OF FRESH FRUITS OUTSIDE THE STATE OF JAMMU & KASHMIR

Year	Apple	Pear	Cherry	Other Fresh	Total Fresh
1971-72	92,803	2,088	-	4,932	99,823
1972-73	1,41,510	892	-	3,553	1,45,955
1973-74	1,52,136	2,443	-	5,280	1,59,859
1974-75	1,33,556	5,358	357	3,806	1,43,077
1975-76	2,44,095	668	305	7,937	2,53,005
1976-77	2,18,079	9,936	498	3,139	2,31,652
1977-78	2,44,413	603	829	5,910	2,51,755
1978-79	3,15,968	3,380	526	4,055	3,23,929
1980-81	3,75,449	2,241	372	4,146	3,82,208
1981-82	3,44,036	1,565	540	4,322	3,50,463
1982-83	3,01,840	4,689	738	10,094	3,17,361
1983-84	4,33,630	2,044	869	1,984	4,38,517
1984-85	4,47,070	3,141	424	4,928	4,55,563
1985-86	5,32,466	3,680	398	5,931	5,42,475
1986-87	5,07,810	5,447	1,141	4,147	5,18,545
1987-88	3,20,297	384	404	10,591	3,31,676

Source: Directorate of Horticulture (P & M), Government of
J & K, Old Secretariat, Srinagar (Kashmir).

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